



Daily Report

China

FBIS-CHI-95-037
Friday
24 February 1995

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Daily Report China

FBIS-CHI-95-037

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General

Further on Foreign Ministry Spokesman's Conference

Promises No 'Media Circus' for Trial

HK2302133995 Hong Kong AFP in English 1026 GMT 23 Feb 95

[FBIS Transcribed Text] Beijing, Feb 23 (AFP)—China vowed Thursday to strengthen its fight against widespread corruption and said the official media's silence over the recent Shougang scandal would prevent an O.J. Simpson-style "trial by the press."

Foreign ministry spokesman Chen Jian made the comments in response to questions about whether Premier Li Peng's recent call for greater efforts to curb corruption had been prompted by the scandal involving Beijing-based Shougang, the country's foremost iron and steel complex.

Zhou Beifang, chairman of Shougang's Hong Kong flagship Shougang Concord International, was arrested last week for alleged fraud and is now in the custody of the Beijing municipal prosecutor.

"Prior to the completion of this judicial process, I don't believe this issue will be made public or made a great issue in the Chinese papers like the O.J. Simpson case," said Chen, his remarks translated from Chinese by a translator.

"It won't be, like you say, 'a trial by the press,'" he added in English.

Chen told a weekly news briefing that the Chinese government's fight against corruption was "a long term and constant and basic policy in the process of reform and opening up."

"Therefore, as China is continuing to pursue its policy of reform and opening up, it will continue to strengthen the struggle against corruption," he said.

The United States has been captivated by the murder trial of former American football star and celebrity O.J. Simpson, who has been charged with killing his ex-wife and her male friend.

Views Cross-Strait Talks

HK2302153995 Beijing ZHONGGUO XINWEN SHE in Chinese 1258 GMT 23 Feb 95

[By correspondent Liu Hongtao (0491 3163 3447)]

[FBIS Translated Text] Beijing, 23 Feb (ZHONGGUO XINWEN SHE)—Foreign Ministry spokesman Chen Jian said today in reply to a reporter's question that, under the principle of one China, the two shores can find a solution. Once talks get started, proper solutions to problems such as modes, locations, and identities will be found.

Chen Jian made the above statement in reply to a reporter's question on cross-strait relations.

In reply to a reporter's question seeking his comments on Lien Chan's statements made a few days ago, Chen Jian said: Concerned departments on our side have taken note of Mr Lien Chan's speech. Problems concerning cross-strait relations are China's internal affair. Departments concerned will make comments on Mr Lien Chan's speech.

The question asked by the reporter was: Lien Chan stated a few days ago in Taiwan that he would allow mainland economic and trade officials to visit Taiwan and hoped that the two shores will hold talks on intellectual property rights. Any comments by the Foreign Ministry?

In answering the question, Chen Jian also said: The economies of the two shores promote and reinforce each other. An initial pattern of mutual complements and benefits has emerged. The ardent call for achieving "three direct links" between the two shores as early as possible is made, not only by the broad mass of Taiwan compatriots but also by Taiwan industrial and commercial sectors; it is also a practical requirement posed by Taiwan's future development. The progress achieved in cross-strait routine affairs talks marks an important historical step in cross-strait relations. We hope that such contacts and talks can continue and produce results.

Pledges No First Use of Nuclear Weapons

HK2302154295 Beijing ZHONGGUO XINWEN SHE in Chinese 1258 GMT 23 Feb 95

[FBIS Translated Text] Beijing, 23 Feb (ZHONGGUO XINWEN SHE)—Chen Jian, spokesman for the Ministry of Foreign Affairs, said this afternoon: Since the explosion of its first atomic bomb, China has explicitly announced that it will not use nuclear weapons against any nuclear-free countries and regions, and will not be the first to use nuclear weapons against nuclear countries. China's position on this principle is unequivocal.

Chen Jian said this when answering a reporter's question about nuclear weapons.

In response to another question, he stressed that China resolutely opposes the behavior of any countries with diplomatic relations with China which facilitate activities of splitting China's territory and sovereignty.

Views Spratly's Dispute

HK2302155095 Beijing ZHONGGUO XINWEN SHE in Chinese 1300 GMT 23 Feb 95

[FBIS Translated Text] Beijing, 23 Feb (ZHONGGUO XINWEN SHE)—Today, when answering reports' questions about the Nansha [Spratly] Islands, Chen Jian, spokesman for the Ministry of Foreign Affairs, reiterated the Chinese Government's consistent position: Settling the dispute peacefully through negotiations.

Chen Jian said: For the part of the Chinese Government, we always hold this position and will continue to make this proposal; we will peacefully settle the dispute over the Nansha Islands with the relevant countries through bilateral negotiations. Before the best solution is found, the dispute should be shelved, and development can be made jointly. China's position on this issue is in keeping with its consistent position on all international disputes.

Today, Chen Jian also announced that, at the invitation of Qian Qichen, Chinese vice premier and foreign minister, Minister of Foreign Affairs Andrey Kozyrev, Russian foreign minister, will pay an official visit to China between 1 and 2 March. The two sides will exchange opinions on bilateral relations and issues of common interest.

At the invitation of the Standing Committee of the National People's Congress, the delegation of the Spanish Senate headed by its president Laborda will pay an official friendly visit to China between 26 February and 4 March.

Heilongjiang Secretary Meets U.S., Russian Delegates

SK2402042495 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 23 Feb 95

[FBIS Translated Text] Yue Qifeng, secretary of the provincial party committee, received the American and Russian delegates on the afternoon of 23 February who are attending the conference participated by China, Russia, and the United States, on the plan to develop the Wusuli River area.

During the reception, Yue Qifeng stated: The Wusuli River valley is very large. The forest and mineral resources and tourism along the river are very rich. The development and utilization of these resources are favorable for both China and Russia. China and Russia should make common efforts in this regard and the assistance given by the United States in funds and technologies are welcome. Yue Qifeng wished the tripartite conference a success and also wished that along with the formulation and enforcement of the plan, the people at both banks of the Wusuli River will gradually become wealthy. (Marlian Tina), head of the Russian delegation, and (Lan Buton), head of the American delegation, extended thanks to the province for its support for the formulation of plans for development along the Wusuli River. They also expressed that through their common efforts, they will improve the environment of the Wusuli River valley and the existing conditions of the people of both banks of the river.

Beijing Symposium Advocates Reforming UN
HK2302141295 Beijing CHINA DAILY in English
23 Feb 95 p 4

[By Bian Hongwei: "Reform of UN is Called Vital"]

[FBIS Transcribed Text] The current structure of the United Nations needs reform and its functions enhanced, this is the message from a recent symposium.

The meeting was on memorializing the World War II victories and celebrating the 50th anniversary of the UN's founding. The seminar was sponsored by the Institute of American Studies under the Chinese Academy of Social Sciences.

During the past 50 years, the United Nations has played an important role in keeping global peace. Now the UN role should be to emphasize peacekeeping and world development, participants said.

They believe a controversy has existed between the big powers that direct world peace and an equality role no matter a nation's size since the United Nations was founded.

The initial goal of setting up the United Nations was to settle problems after World War II. However, the organization soon became an arena for rivalry between the big powers during the Cold War.

With the end of the Cold War reform of the structure and functions of the United Nations is urgently needed.

Thanks to a security umbrella during the past four decades, Japan and Germany have fixed their eyes on economic development. As world economic giants now, both countries want to gain standing member status in the Security Council of the United Nations.

With the growth of worldwide nationalism, economic protectionism, and many other socioeconomic problems, the world seems to be becoming more dangerous.

Facing a thornier world, the United Nations has to take efficient measures to solve urgent questions, participants said.

The United Nations should give high priority to balancing relations between international interference and respect for sovereignty, special status of big powers and the equality role of all countries, and the role of the United Nations and functions of regional organizations.

Reviewing the development of the United Nations, participants believe the United States is influential in directing UN decisions.

Participants also said Taiwan, as an integral part of China, is not qualified to enter the United Nations as a sovereign country.

The Taiwan issue can be solved only between the mainland and the island.

Experts attending the symposium say study on World War II should be backed up by studying a panorama of world development over the past decades.

They believe the big powers have played a vital role in global peacekeeping and international situations, although the ugly head of hegemony has overshadowed their influence.

It is vital for Chinese researchers to pay attention to the importance of international rules, always mapped out by big countries, and related promises, participants said.

It seems to be a trend that big powers gain benefits through regulating international rules—rules that often play a big part in the internal and external affairs of a country.

It is a dilemma for the world that although most international rules are drawn up by big powers to pursue their own interests, they are truly necessary for the development of the world, participants said.

Pursuing peace is the highest goal for the world. However, world peace would contradict other internal aims of certain countries, such as unification and social stability, participants said.

For example, a country might use military force, instead of peaceful measures, to realize its unification.

Healthy development of the world economy is one of the most important bases for world peace, participants said.

The surviving fascism and booming neo-fascism in Germany, one of the vanquished nations of World War II, should be given high attention, participants urged.

Some important political figures in Japan hold ambiguous views on Japan's crimes during World War II, which aroused anger from nations, especially those in East and Southeast Asia, which suffered from Japanese militarism.

Japan's war attitude might be caused by its huge economic potential and desire to gain more say in world affairs, participants said. They added that there should be more exposure of Japanese offenses committed during World War II.

United States & Canada

More Reportage on U.S. Energy Secretary's Visit

Song Jian, O'Leary Sign Documents

OW2302134495 Beijing XINHUA in English 1327 GMT 23 Feb 95

[FBIS Transcribed Text] Beijing, February 23 (XINHUA)—China and the United States signed seven cooperation documents on energy and other fields here today.

The documents are the Sino-U.S. Protocol of Energy Efficiency and Renewable Energy Technology Development, Memorandum of Understanding of the Bilateral Energy Policy Consultations, the Annex XI of the Fossil Energy Protocol—Coalbed Methane Recovery and Utilization, Letter of Intent of the Renewable Energy Annex to

the Renewable Energy Protocol, Regional Climate Research, Statement of Intent on the Reduced Enrichment for Research/Test Reactors, and the Statement of Intent on the Energy Statistics and Market Information Exchange.

Among those signing these documents were Song Jian, Chinese State Councillor and minister in charge of the State Science and Technology Commission, and Hazel O'Leary, U.S. Secretary of Energy.

U.S. Firms Win Contracts

HK2402034595 Hong Kong AFP in English 0326 GMT 24 Feb 95

[FBIS Transcribed Text] Beijing, Feb 24 (AFP)—U.S. Energy Secretary Hazel O'Leary's visit to China has helped win U.S. firms 34 contracts worth a total of more than six billion dollars, a statement said here Friday.

More than four billion dollars of joint venture contracts were signed in Beijing Friday just hours before the end of the U.S. delegation's visit.

In Shanghai on Monday the delegation signed contracts worth two billion dollars.

Li Peng Meets With O'Leary

OW2302152495 Beijing XINHUA Domestic Service in Chinese 1325 GMT 23 Feb 95

[By reporter Yang Guojun (2799 0948 6874)]

[FBIS Translated Text] Beijing, 23 Feb (XINHUA)—Premier Li Peng said here today that China approaches Sino-U.S. relations with a positive, earnest, and forward-looking [ji ji ren zhen xiang qian kan [ji ji ren zhen xiang qian kan 4480 2817 6126 4176 0686 0467 4170] attitude, and hopes the two countries' relations will improve.

At a meeting with visiting U.S. Energy Secretary O'Leary in Zhongnanhai, Li Peng said that China and the United States share common interests in broad areas and the two countries can develop mutually beneficial cooperation in many areas. He said: China and the United States are two influential big powers in the world, and the maintenance of healthy and stable relations between the two countries has major significance for the peace, stability, and development of the two peoples and the world. The prospects are bright as long as the two countries proceed from their fundamental interests, focus their attention on the whole situation and the future, and develop their cooperation on the basis of mutual respect, noninterference in each other's internal affairs, and equality and mutual benefits.

Li Peng welcomed the U.S. energy delegation headed by Ms O'Leary, and he briefed her on China's energy development and policy. Li Peng said China has a huge energy market and Sino-U.S. cooperation in energy has broad prospects.

Ms O'Leary said she was satisfied with her visit in China, and she said she had confidence as well as interest in China's rapid economic development. She hoped cooperation between the two countries can be expedited through closer contacts.

Present at the meeting were Ye Qing, vice minister in charge of the State Planning Commission; Shi Dazhen, minister of power industry; Liu Huaqiu, director of the State Council Foreign Affairs Office; and U.S. Ambassador to China Roy Stapleton.

Song Jian, state councillor and minister in charge of the State Commission for Science and Technology, also had a meeting with Ms O'Leary and her party here today.

Wu Yi Meets Barshefsky, Hopes For Talks Results

OW2402073595 Beijing XINHUA in English 0717 GMT 24 Feb 95

[FBIS Transcribed Text] Beijing, February 24 (XINHUA)—Chinese Trade Minister Wu Yi said here today that she hopes the current Sino-US talks on intellectual property rights (IPR) would produce good results.

Wu, minister of Foreign Trade and Economic Cooperation, made the remarks here this morning when meeting with Charlene Barshefsky, deputy US Trade Representative.

During the meeting, both Wu and Barshefsky set a positive value on the current IPR talks and hope the two sides would iron out the remaining differences and reach an agreement as early as possible through closer cooperation and consultations on an equal footing.

The IPR talks, which started last Wednesday [22 February], continue today.

Sino-U.S. Trade at 'Delicate Moment'

OW2402111695 Beijing XINHUA Domestic Service in Chinese 0825 GMT 24 Feb 95

[By reporters Zhang Yijun (1728 4135 0193) and Ma Guihua (7456 2710 5363)]

[FBIS Translated Text] Beijing, 24 Feb (XINHUA)—While meeting with U.S. Energy Secretary Hazel O'Leary today, Wu Yi, foreign trade and economic cooperation minister, said that the Sino-U.S. economic and trade relationship is now at a very complex and delicate moment and that China hoped both sides will settle disputes through equal consultations, so as to create an even better environment for the smooth development of bilateral economic and trade cooperation.

Wu Yi said a situation of accelerated development has emerged in the Sino-U.S. economic and trade cooperation since President Clinton announced last May the delinking of the most favored-nation-status and human rights issues.

Last April, Wu Yi and U.S. Secretary of Commerce Brown jointly presided over the Eighth Joint Sino-U.S. Business and Trade Committee in Washington. Last August, under the order of the president, Brown headed a delegation to China where he not only signed a number of economic and trade cooperation projects and letters of intent on cooperation with the Chinese side, but also signed an agreement on the framework of economic and trade cooperation as well as cooperation agreements in 10 areas, including power, chemical engineering, automobiles, telecommunications, services, and environmental protection.

Wu Yi said the signing of these agreements had provided favorable conditions for ensuring an unimpeded channel for bilateral economic and trade exchanges and for creating trade and investment opportunities.

According to China's customs statistics, last year the total bilateral Sino-U.S. trade amount was \$35.4 billion, up 28 percent from the previous year. China's imports from the United States increased 30.7 percent, a growth rate which was far higher than its exports to the United States, which were up 26.5 percent. In addition, the number of U.S. business investment projects in China topped 16,000, and their accumulated actual paid-up investment amount reached \$7 billion by the end of last year.

Wu Yi said one should also face the fact that some twists and turns did emerge in the Sino-U.S. economic and trade relationship since the end of last year. They included a U.S.-initiated attempt to block China's progress to rejoin the General Agreement on Tariffs and Trade [GATT], which resulted in China's failure to rejoin the GATT prior to the establishment of the World Trade Organization on 1 January this year; the unilateral reduction by the U.S. of China's textile export quota to the United States; and the U.S. announcement of trade retaliatory lists against China because of the intellectual property rights issue, which forced China to announce its counter-retaliatory lists.

She said there is nothing strange about the disputes which have emerged in the Sino-U.S. economic and trade relationship. But what is important is to solve those disputes through equal consultations.

Wu Yi said Secretary O'Leary's heading a delegation to China under the order of the president at this delicate moment was of a deep significance. Particularly worth noting is that she is accompanied by a large number of U.S. entrepreneurs. They will undoubtedly inject new vitality into the Sino-U.S. economic and trade relationship.

O'Leary said that she agreed with Wu Yi's analysis of the Sino-U.S. economic and trade relationship that maintaining comprehensive contacts with China is a U.S. foreign policy, and that the U.S. energy circles would like to see the further improvement and development of Sino-U.S. economic and trade relationships.

Daily Calls U.S. Human Rights Report 'Cheap Shot'

OW2402101695 Beijing XINHUA in English 1007
GMT 24 Feb 95

[FBIS Transcribed Text] Beijing, February 24 (XINHUA)—The Human Rights Report issued this year by the State Department of the United States is just a cheap shot, according to an article in today's People's Daily.

The China Human Rights Society last year refuted allegations made by the U.S. State Department in a previous Human Rights Report about China. The article pointed out that the U.S. Human Rights Report this year cannot be taken seriously. It is, like the previous one, unfair and does not accord with the facts.

On February 1 of this year, the U.S. State Department, disregarding its own human rights record, again acted as a judge of world human rights and issued the 1994 "Human Rights Report" in which the State Department made arbitrary comments on the status of human rights in more than 100 countries around the world.

The U.S. Human Rights Report again slandered China, attacking the China Human Rights Society, saying it was "an organization established primarily to defend China's human rights record."

The article said the refutation of the China Human Rights Society against the U.S. Human Rights Report was based on the facts obtained from investigations and U.S. Publications last June, and neither the U.S. State Department nor U.S. diplomats in China made any comment on the refutation during the latter half of 1994.

It said the disagreement from some U.S. officials later was centered only on the number of people frozen to death in Washington in January, 1994, which was cited by the society from a report of the Associated Press (AP) January 21.

The article expressed the belief that the reason behind the U.S.'s repeating the same old line earlier this year after having kept silent for half a year is that the refutation from the China Human Rights Society hit a vital nerve in the U.S. and that it has been taken seriously in the rest of the world.

Therefore, the U.S. State Department had to make such a comment, for fear that people would be reminded of last year's refutation from the China Human Rights Society when they read this year's report, the article noted.

Defense University's Zhu Dunfa Leaves for U.S.

OW2402075195 Beijing XINHUA in English 0724
GMT 24 Feb 95

[FBIS Transcribed Text] Beijing, February 24 (XINHUA)—General Zhu Dunfa, president of the National Defense University of the Chinese People's Liberation

Army, and his party left here today for an official goodwill visit to the United States.

General Zhu and his party have been invited by Lieutenant General Ervin G. Rokke, president of the U.S. National Defense University.

Commentary on Post-Deng Sino-U.S. Ties

HK2402054195 Hong Kong WINDOW in English
24 Feb 95 p 31

[Commentary by Gerald Chen: "The Right Balance in Sino-U.S. Ties"]

[FBIS Transcribed Text] The older a person is, the younger he grows. This is a saying that refers more to the spirit than to any biological reverses. And it is more out of politeness that one refers to someone who is 60 or 70 years as having the complexion of a child.

Like all living things, the cycle of human life passes from nothingness to birth, childhood, adolescence, adulthood, old age, death and back again to nothingness.

Paradoxically, however, as the physiological mechanism of ageing people falters, they often behave like children. Hence old folk need attention and care as do children, but while children are given toys, old people, even the wisest, need to be relieved of temporal responsibilities so that they can travel at leisure, watch television, play bridge, fall asleep, or do whatever their diminishing health permits.

Why then, one wonders, are the Western media so obsessed about the supposed succession crisis in China? One cause of all this was a few things Deng Xiaoping's youngest daughter, Xiao Rong, said about her 90-year-old father—particularly that Deng was growing older rather than younger.

Power struggles: Much of the misinterpretation by The New York Times reporter who interviewed Xiao Rong was subsequently denied and corrected by her—a good example of how self-serving reporters of even prestigious newspapers can be. But from the Washington Post to The New York Times, and from The Wall Street Journal to the Baltimore Sun, the impression created was that the post-Deng era would result in power struggles at all levels.

Jiang Zemin, for example, will either have to share power with other top leaders or step down. In either event, rough waters await Sino-U.S. relations in the foreseeable future, the reports claim.

China after Deng is "up for grabs," read a headline in the International Herald Tribune, quoting a Reuters report which begins: "The odds are 50-50 of a Soviet-style break-up of China after the death of its paramount leader, Deng Xiaoping." The report claimed that a study prepared by a group of U.S. university and business

scholars for the U.S. Defence Department has warned U.S. businessmen and corporations that their interests in China may be threatened.

These speculations are used as a backdrop from which the U.S. can exact a "high price" in the looming trade war over intellectual property rights. But it is clear there are political motives behind the high price.

For example, the U.S. wants the right to open publishing houses and start foreign-funded newspapers in China. This is clearly irrelevant to the trade issue.

Some Hong Kong Chinese newspapers were not far off the mark when they reported that there were political reasons for the negative reportage about the new Chinese leadership headed by Jiang Zemin.

First, they are uncertain about the changes that will follow Deng's death—whether the Jiang leadership will indeed break up as did that of the former Soviet Union.

Second, there is the probability that things will remain very much the same as when Deng was at the helm.

The third prospect is that China will turn to the more liberal reforms favoured by the West. The first is believed to be the most likely while the last stands only a 20 per cent chance of success.

From this perspective, Washington's tough posturing is believed to be no more than a trial balloon to see which way the political wind is blowing in China.

Also, by demanding a "high price" at the intellectual property rights talks, Washington is simply seeking a stronger bargaining base for future deals before the new Chinese leadership moves into its stride.

The media forecasts dovetail with recent moves by Washington. Both U.S. Secretary of State Warren Christopher and his assistant, Winston Lord, have been outspoken about the possibility of the two governments running into problems with respect to human rights, intellectual property rights, nuclear proliferation and Taiwan.

In the same breath, however, they were also careful to state that Washington will continue to strengthen relations with whomsoever is in control in China.

Consistent: In fairness, China's U.S. policy has been consistent over the years—since Richard Nixon made his historic trip to Beijing in 1972.

If there is any change, it is that the economy is much stronger and can buttress any unfair or unequal treatment by foreign powers.

Nurtured by four previous U.S. administrations, including three Republican ones, Sino-U.S. relations are bound by "a certain balance and tacit understanding," editorialized a local Chinese newspaper. If this balance and understanding is upset, Beijing's response can be swift and strong.

This is an eventuality that no one wishes to see, not least those caught in the crossfire like Hong Kong and Taiwan.

As for forecasts of China breaking up, what is the basis for such dreams? Regardless of the downside of a burgeoning market economy—inflation, corruption, rising crime and uneven development—the fact is the reforms have worked wonders for the Chinese economy and this is in sharp contrast to conditions in Russia and former communist countries in Eastern Europe.

The new Chinese leadership is fully aware of the problems that still exist—the National People's Congress convenes next month and doubtless we will be told more about that. But the question is basically, who in today's China would be so foolish as to roll back the highly successful reforms?

U.S. Asia-Pacific Strategy Analyzed, Evaluated

95CE0238A Beijing SHIJIE JINGJI [WORLD ECONOMY] in Chinese No 10, 1 Oct 94 pp 1-7

[Article by Chang Xin (0788 2450) of the Northeast Asia Research Center, Jilin University: "Inherent Contradictions and Future Trends of America's Asia-Pacific Strategy"]

[FBIS Translated Text] As the Seattle meeting and a series of U.S. policy pronouncements and government actions have demonstrated, the United States is undergoing an important adjustment in its global strategy, with the strategic focus shifting from the Atlantic Ocean to the Pacific. However, due to the differing social systems and cultures of the various nations in the Asian-Pacific region and significant differences in economic development levels, each participating country's goals and interests in Asian-Pacific cooperation is not the same. This inevitably brings forth the differences, contradictions, and even conflicts between the U.S. Asian-Pacific strategy and each country's political goals and economic interests, so that this strategy will inevitably confront some difficulties and obstacles in implementation.

I. The Concept of a "New Asian-Pacific Community" and the New Changes in U.S. Foreign Strategy

During the Cold War, the main objective of U.S. foreign strategy was to build up the global free capitalist order. At that time, the core content of U.S. global strategy centered around such problems as world hegemony, political systems, ideology, global order, etc., in military and political competition with the Soviet Union. After disintegration of the Soviet Union and the end of the Cold War, the world's political and economic order underwent a series of changes: The United States became the world's only superpower; competition among the world's nations shifted from a military contest to an economic one; the easing of political contradictions among these nations brought on a domestic economic recession in the United States, so that restoration of the domestic economy became the Clinton administration's chief policy goal. In these circumstances, the concept of

the "new Asian-Pacific community" arose. This concept began to brew as early as the Bush administration, and was further completed and adjusted in the Clinton administration. In a series of three speeches by Clinton in San Francisco, Tokyo, and Seoul, he comprehensively and systematically described the conception of a "new Asian-Pacific community." Clinton thought that the future of the United States lay in wider, deeper, and more intensive participation in the affairs of the Pacific region; therefore, it had to "establish a Pacific community based on shared power, prosperity, and undertaking the duty of domestic values." The principal aim of this concept is to guarantee U.S. leadership rights in the Asian-Pacific region. Its main content can be summarized as the three principles and the three pillars. The three principles are: strengthening the partnership of the United States and Japan; establishing more open areas; and promoting democracy. The main contents of the three pillars are: the economic pillar, focusing on development of free trade; the political pillar, focusing on promotion of democratic systems; and the military pillar, focusing on establishment of a regional military alliance and forming a security dialogue system in the Asian-Pacific area. The rise of the "new Pacific community" concept is an important indicator that the United States has adjusted its global strategy. Starting from this, the U.S. global strategy will enter a new stage of development. The main characteristics of this development and change are:

1) "Expansion of the community of market democratic nations" has become the fundamental, leading idea of U.S. global strategy.

In the postwar era, the fundamental leading idea behind U.S. foreign strategy has all along been the establishment of a free capitalistic order through which to counter socialism. Since the disappearance of the Soviet threat, how to spread the U.S. ideology on a global scale and how to develop and establish political systems based on this sort of ideology have become important topics of U.S. global strategy. So the leading idea of U.S. global strategy has moved from simply establishing the capitalist order to "expansion of the community of market democratic nations." This idea began to sprout in the Bush administration and was set out clearly after Clinton took over the government. What is meant by "expansion of the community of market democratic nations" is "with the Western developed nations as the core, spread the democratic system to surrounding regions, and ultimately accomplish freedom, market economics, and democracy in the countries there, including such now-hostile countries as North Korea". (Footnote 1) (JINGJI XUEREN 8 March 1994, p 48). This shows that U.S. global strategy has changed from containing socialism to expanding capitalism on a global scale.

2) Economic security has become the core of global strategy.

During the Cold War, pursuit of military and political security was at the core of U.S. global strategy. Since the

end of the Cold War, the core of this global strategy has shifted from military and political security to economic security. The Clinton administration has made it clear that economic security is the number one security factor for the nation. In recent years, the United States has signed free trade agreements with Canada and Mexico, organized and convened the Conference of Asian-Pacific Economic Cooperation (APEC) leaders, and put pressure on Europe to promote attainment of the Uruguay agreement by means of this conference. These are all specific expressions of the proposal by the United States for this sort of strategic change, and it is especially seen in the concept of the "new Pacific community" that the economic core function shows up more significantly. U.S. Secretary of Commerce Ron Brown said in a speech that "we must propose a "Pacific Trade Promotion Campaign" as the "central content" of the Asian-Pacific strategy to stimulate U.S. trans-Pacific exports. With this as the goal, the U.S. has set out to target the nations surrounding the Pacific as objectives, and through such measures as regional trade negotiations, reduction of mutual market conflicts, reduction of tariffs, clearing obstacles to investment, and easing restrictions on transportation and telecommunications, establish an "economic circle around the Pacific" in which free investment can accomplish the integration of Asian-Pacific economies.

The main reason for the change by the United States of the core of its global strategy from political and military security to economic security is that changes occurred in the U.S. security environment. First of all, the end of the Cold War brought world politics to a brand new stage. Economic power and scientific and technological capacity are increasingly becoming the base for establishing and developing the world's political order, while the competition for economic, scientific, and technological power has become the main line in the international struggle, and economic safety has become an important aspect of national security. Second, the United States paid a huge price for the Cold War, which greatly harmed its national strength, so that strengthening its economic capacity became the key to maintaining its leading position in the world. Finally, 50 percent of the U.S. economy is driven by exports, and in order for the economy to boom again, the U.S. must improve its international competitiveness and expand exports. Confronting these domestic and international changes, Clinton set out the foreign strategy of taking economic security as the core, in an attempt to rebuild its strong national power through adjustment of its global strategy, while striving to take the initiative in the coming 21st century.

3) Promoting democracy is the way to accomplish its global strategy.

Another characteristic of the Clinton administration's foreign policy is the replacement of its former military strategy with the promotion of democracy and human rights to guarantee the economic security of the United States on a global scale. When describing his "new Pacific community" concept, Clinton has repeatedly

emphasized promotion of the democratic system. He has pointed out that "establishment of the new Pacific community will help Asian-Pacific countries commonly share in democracy and human rights; the spread of democracy is one of the best hopes we have to possibly accomplish regional peace, prosperity and stability". (Footnote 2) (NEWSWEEK 13 December 1993) Former U.S. Secretary of Defense Aspen stressed democracy's security strategy. He believed that spreading democracy to the world would be of benefit to safeguarding U.S. security and to promoting global stability and prosperity. But in fact, U.S. advocacy of democracy is not really intended to maintain world stability and prosperity; rather, its more important purposes are: 1) To clear away political obstacles to furtherance of U.S. global strategy; 2) to lay the ideological foundation for affirming the U.S. leadership role in the world; and 3) to counter socialism and merge socialist countries with the U.S. in ideology, culture, values, etc., finally bringing about a remolding of these socialist countries on the American model. We can see from this that, if we say the United States in its previous global strategy wanted to conquer the world by military force, in its current global strategy the Clinton administration is aiming to conquer the world by ideology and culture, in order to affirm U.S. leadership rights in the world, and safeguard U.S. security on a global scale.

4) Emphasizing the role of collective security in foreign military strategy.

Taking democracy and human rights as important means of accomplishing its global strategy does not mean the United States has given up its military strategy, especially in Asia, where the United States will maintain its military presence for the long term. However, the Clinton administration's foreign strategy differs from that of the Reagan-Bush Republican principles, in that he has abandoned the foreign policy principle of "the United States bringing into play its leadership role as sole superpower player after the end of the Cold War", and has instead advocated the principle of bringing international associations into play and accomplishing collective security. The detailed content of this is to expand the defensive community system of democratic countries to deal with common threats, and then accomplish the U.S. political and military role in global security areas through U.S. supervision of this sort of defense community.

The shift in the foreign military strategy of the United States shows up chiefly in two aspects: one, a stress on bringing the UN's role into play; two, taking the Asian-Pacific Economic Community [APEC] organization as not only an economic forum in the Asian-Pacific area, but also making it into a security ally. The objective is to establish a regional, multilateral, security dialogue system through APEC, based on maintaining the existing bilateral relationships between the United States and Japan, the United States and South Korea, the United States and Thailand, etc., and then gradually forming a

system similar to mutual security systems like the European security alliance. This shift in U.S. foreign military strategy is actually a new strategy in the new circumstances in which the world political and economic order has become more multidirectional, U.S. economic power has been somewhat weakened, and its control of other countries reduced; so it is attempting to control the world by using the power of other countries. This will enable the United States to gain maximum leadership on a global scale at minimum expense.

II. The Internal Contradictions of U.S. Asian-Pacific Strategy

The U.S. Asian-Pacific strategy is the specific expression of its global strategy in the Asian-Pacific region. Because this strategy is built entirely upon the United States's own interests, it not only pursues U.S. economic interests worldwide, it also seeks its political, military, and even ideological and cultural expansion on a global scale, using American idea and cultural to unify the world. So various contradictions and conflicts will inevitably appear.

1) The contradiction between the "fan-shaped structure" and the "goose structure."

The ultimate goal of U.S. Asian Pacific strategy is to realize the concept of bringing about an "Asian-Pacific Community." Its basic form is a sort of "fan-shaped structure," in which the community is based in the United States, radiating westward and with the U.S.-Japan alliance at the core as the backbone of the community, the bilateral relationship between the United States and South Korea, ASEAN, and Australia as the base of the structure, making Asian-Pacific economic cooperation into a radial, fan-shaped structure, linking each nation within the community, and gradually radiating toward China and Russia. It can be seen from this that the U.S. concept is to put the entire Asian-Pacific area under its control and gradually building up its leadership rights in this area. First of all, this concept conflicts with the "goose model" proposed by Japan in the economic sphere. What is called the "goose model" is the process by which the developed countries spur industrial development in the developing countries through direct investment. In this model, the developed countries function as the "lead goose," and by means of their economic development and regulation of the industrial mix they spur the continuous development of developing countries from exporters of primitive products to export of labor-intensive products and even to exporters of capital intensive products. This would bring about the conversion and upgrading of the industrial and exporting structure of developing nations, and further more would bring the newly emerging Asian industrial countries, ASEAN, and China onto the road of export-oriented industrial development. Therefore, looking at the process of changing the industrial mix and the developing the forms of trade, the East Asia region is a typical "goose model," and Japan has actually become the "lead goose" in fact.

Comparison of Competition Between U.S. and Japanese Enterprises (1992)

	Growth rate of facility investment (in percent)	Capital Equipment Rate (assume base rate of 100 in 1980)	New Facility Propor- tion (assume base rate of 100 in 1980)	Proportion of R&D Funds in Total Sales Volume (in percent)	Index of Trade Com- parison Superiority
United States	-7	171	84	3.2	-0.1
Japan	5	181	121	3.2	0.7

Explanation: The index of trade comparison superiority indicates the machine industry and transportation machinery industry, e.g., automobiles, electrical instruments, industrial machinery, etc.

Source: *Trade White Book*, Tokyo, 1994, pp 103, 303.

The contradiction between the "fan structure" and the "goose structure" focuses on the struggle between the United States and Japan for economic leadership rights in the East Asian region. It specifically shows in the relative decrease in U.S. economic power, which cuts down the U.S. economic foundation for controlling the region. Although the end of the Cold War marked the success of U.S. global military and political strategy, it was accomplished at a huge economic cost. Estimates are that from the beginning of the 1980s to the early 1990s, the United States lost around \$21 to \$26 billion due to its sanctions on other countries, and this combined with a large scale fiscal deficit and huge military expenses decreased U.S. economic power, especially its manufacturing enterprise international competitiveness. (Footnote 1) (Jinchuan Yingyi [0093 1557 5391 0001], "Who Will the Asian Era Belong To?", JINGJI WANGLAI No 1, 1994) Looking at the above table we can see that the slow growth of investment in facilities has caused slower improvement in enterprise technology in the United States, where the phenomenon of aging facilities is quite serious. Countering this, Japanese enterprises have taken full advantage of that country's geographical and industrial technological superiority, developing with full force toward the East Asian region, with the result that it is increasingly threatening U.S. economic leadership in East Asia. On the one hand, the United States must exploit Japanese power, but on the other hand, it also wants to contain Japan in order to prevent it from attaining economic hegemony. So the U.S.-Japanese relationship is composed of various contradictions and conflicts.

2) Limitations of the community.

The main objective of the U.S. Asian-Pacific strategy is to establish, through a "new Pacific community," a general Pacific alliance which is centered on economics, but includes politics and the military within it. In order to accomplish this goal, the U.S. must rely on its existing alliance relationships in the Asia-Pacific region. However, with the changes in the economic and political order in the East Asian region, some new changes have taken place in the alliance relationships as well, bringing many contradictions to the idea itself of the United States building up the Asian-Pacific alliance. This are expressed chiefly as follows:

A. The development of sub-economic circles in the East Asian region has diluted the concentrated power of the Asian-Pacific alliance. In recent years, although every country in East Asia is still reliant on the United States economically, the degree of that reliance continues to decrease. Meanwhile, each country has been vigorously developing sub-regional economic cooperation based on mutual geographical advantage and organizing sub-regional economic zones. For example, the "East Asian Economic Forum" advocated by Malaysian Prime Minister Mahathier and the "South China Economic Zone", "Surrounding the Yellow Sea Economic Zone" and "Surrounding the Sea of Japan Economic Zone", etc., that have gradually evolved in recent years. These sub-regional economic zones promote rapid development of regional investment and trade development, and the degree of regional mutual dependency has continued to grow, with a very significant trend to sub-regionalization which will inevitably reduce internal concentration in the Asian-Pacific region.

B. The uncertain development of relationships among the great nations. The disappearance of the polar extremities pattern has greatly altered the mutual relationships and power balance among China, the United States, Russia, and Japan. At present, the closest relationship exists between the United States and Japan, but contradictions are increasing there as well. Although the U.S.-Russia relationship has improved significantly, the rise of nationalism in Russia and the instability of the domestic situation there also adds to the complexity of the relationships between these larger countries. Although the Sino-U.S. relationship has relaxed to a certain degree, contradictions still exist. All of these determine that it is impossible to form a close alliance among the great nations.

C. Significant disagreement in the security dialogue. One important content of the U.S. "new Pacific community" idea is to establish a security dialogue system; other Asia-Pacific countries have this desire as well. However, when it comes to what sort of security system to establish, there is significant disagreement among the relevant parties. The United States wants a regional security system which combines bilateral and multilateral alliances, and which attempts to restrict Japan and ASEAN from playing a leadership role in the Asian-Pacific security issue. The ASEAN countries want to maintain regional stability by means of the big nations' power at the same time that they worry about being controlled by that power. Japan is enthusiastic about establishing an Asia-Pacific security system in which it will play a leading role in Asian-Pacific affairs through its strong

economic power, and remove other Asian countries' suspicions and wariness of Japan, thus achieving its transition to a politically powerful nation. Due to the differing aims of each country, they maintain a mutual wariness. Therefore, it is very difficult to attain complete agreement on the security dialogue issue.

Given the above circumstances, it will be very difficult for the United States to establish a new Asian-Pacific community which is dependent on existing alliance relationships; therefore the U.S. Asian Pacific strategy faces even more obstacles.

3) Cultural conflicts.

The U.S. Asian-Pacific strategy is based on Western ideological concepts and values. However, there is a sizable gap between the traditional culture of the West and the ideology of socialist nations. Therefore it is inevitable that various cultural conflicts will arise in U.S. advocacy of its Asian-Pacific strategy. These conflicts will derive for the most part from the following:

A. Ideological discrepancies between countries having different social systems. Human rights and democracy are focal points and centers of ideological conflicts between the United States and socialist countries in East Asia, and the key point in all this is the U.S. human-rights diplomatic policy with China. After the Clinton administration took office, the United States continued to advocate "human-rights diplomacy"; regardless of what current U.S. China policy is, the United States absolutely will not relinquish this human-rights diplomacy, and the disputes and struggles caused by this will be long term. Any differences will only be in form as circumstances vary.

B. Cultural conflicts among nations with the same social system. Some East Asian countries, e.g., Japan and South Korea, have social systems similar to that of the U.S. However, the historical influence of Confucianism in these countries has led to the establishment of a system of "eastern Capitalism", different from that of European and American nations. For example, although Japan is a capitalist country where the market economy dominates, it still preserves a considerable amount of Eastern culture, so still has a large cultural gap with the United States. Some specific manifestations of this include enterprise groupings and a system of permanent employment, and in the economic system there is greater government involvement with enterprises and exclusive large, medium, and small enterprise contract systems, etc. These cultural differences have produced a kind of "trade barrier effect," which has become an obstacle to resolving the U.S.-Japan trade deficit and easing trade conflicts. This inevitably will block the implementation of Clinton's "new Pacific community" concept.

III. Future Direction of U.S. Asian-Pacific Strategy

Facing a relatively stable political situation in the Asian-Pacific region, a vigorously developing economic trend,

and extremely broad developmental prospects, the United States has come to realize that it must carry out a wider "participation strategy" in the Asian-Pacific region. However, the contradictions and conflicts between the United States and every nation in the region make it difficult to implement its Asian-Pacific strategy comprehensively. In this international circumstance in which it can neither lead nor withdraw, the United States will partially adjust its strategy in order to accomplish its "new Pacific community" concept. The basic direction and main characteristics of this will be:

1) Making the trilateral relationship among China, Japan, and the United States the new core of the Asian-Pacific strategy.

In the "fan shaped structure," the U.S.-Japan alliance is at the core. However, this alliance will in the future be replaced at the core by the trilateral relationship of China, Japan, and the United States. That is to say that while the United States is developing the Sino-U.S. and Japan-U.S. relationships, it will take advantage of using China and Japan as counteracting forces, and in this way protect its leadership in the Asian-Pacific region. The main reasons this strategic change by the United States are:

A. The focus of the Japan-U.S. relationship has changed. In the Cold War period, Japan was America's ally and friend in Asia. But after the Cold War ended, among the three pillars of politics, security, and economics, the economic relationship became increasingly outstanding, with each country further pursuing its own economic interests. In this situation, Japan will change its former method of giving in economically for political and security reasons, which in turn changes the Japan-U.S. relationship from the previous one of friendly allies to one of economic competitors. So the United States must look for new friendly allies in Asia in order to contain Japan.

B. China is becoming of increasing importance to the United States. At present, the United States is working very hard to get into the huge China market; in addition, because China is one of five nations on the United Nations Security Council with veto power, the United States needs China's support in handling many important issues. Meanwhile, on such international issues as population, the environment, and energy sources, etc., the United States also needs cooperation from China, so the United States needs to develop its relationship with China. As Clinton said: "In this sort of relationship, we not only must become partners, we also need real friendship". (Footnote 1) (Guan Yinghui [4619 5391 6540]: "The Clinton Administration's Asia Policy," WAIJIAO LUNTAI No 1, 1994) In a speech at Johns Hopkins University, U.S. China expert Lord put specific emphasis on this cooperation. He noted that the United States has many special interests in East Asia that are related to security, and that these objectives and policies demand bilateral Sino-U.S. cooperation. Bangban Luosi [1620 6586 5012 2448], U.S. assistant secretary of

defense, pointed out that the United States must try to become China's partner in international issues, for if they do not obtain China's cooperation on these issues, the United States will not succeed.

3. Using China and Japan as mutually counteracting forces to remove the threat to the United States. At present, the U.S. leadership position in the Asian-Pacific economic region has been threatened by Japan; although China does not constitute a threat to the United States right now, the United States still looks upon China as its potential enemy. So, while developing the U.S.-Japan and U.S.-China bilateral relationships, the United States will never forget to use China and Japan as mutually counteracting powers. This mutual containment will take the following forms. First, supporting Japan's bid to become a permanent member of the United Nations Security Council to maximize Japan's role in international political affairs; meanwhile, maximizing Japan's role in counteracting China's power in order to contain China, in the attempt to prevent China from coming to dominate Asian politics in the future. Second, using China to balance Japanese military expansion. As Japanese economic power grows stronger, the United States is increasingly worried about its becoming a military power, and hopes to use China to contain Japan and prevent Japanese military expansion. Third, do all that it can to prevent the tendency of Japan growing distant from the United States and closer to China.

2) It will adopt a strategy of "indirect human-rights diplomacy" in its China policy.

The essence of the dispute between China and the United States on the human-rights issue lies in the two nations' ideological differences. In this it is a competition between two types of social systems, and is a concentrated reflection of the various political contradictions confronting the United States in East Asia.

Recently, although President Clinton announced the extension of China's MFN status, and delinked China trade from the human-rights issue, this does not mean the United States has abandoned its human rights diplomacy toward China. Most people in the U.S. government do not want to see the breakup of the Sino-U.S. relationship because of the removal of MFN from China, but they will not give up pressing China on human-rights issues either. So the Clinton administration adopted a series of new China policies: While further respecting its economic interests in China, it also adopted a new strategy on human rights, the strategy of "indirect human-rights diplomacy." This strategy is characterized chiefly by:

A. Looking at human rights diplomacy toward China as a long-term strategy. In this strategy, the order of priority in China policy has changed from the previous human rights diplomacy to economic diplomacy aimed at getting into the market. This change marks a change in the U.S. view of China, and while there are disputes in American leadership circles about this, "it is agreed that

the market is more important than human rights". The purpose of U.S. advocacy of economic diplomacy on China is on the one hand to protect its economic interests in China, and on other hand to also pursue a long-term human-rights diplomatic strategy. This means to open China's door by economic means, inject American cultural and value concepts, and in the end make China attain the human-rights standards advocated by the United States

B. Human-rights methods have changed from the previous sanctions to infiltration. This infiltration is the so-called "comprehensive strategic contacts" proposed by Clinton in the fall of 1993. That is, to "try to have constructive influences impact on China's future political and economic development as much as possible. For this purpose we need extensive expansion of trade and other economic connections, encouraging the widest mutual activities between various sectors of the two countries, strengthening bilateral and multilateral cooperation on international issues of common concern, and assisting China to merge into international society". As many observers in the United States pointed out: When handling issues of human-rights violations, the United States should rely more on silent diplomacy and not on public activities, and should rely more on international and non-governmental efforts instead of on U.S. governmental activities.

(3) Military strategy still occupies a very important position.

While the U.S. Asian-Pacific strategy is aimed chiefly at economic security, history shows that the United States will not just pay attention to economic interests, but will make corresponding arrangements in the military sphere. In fact, when maintaining its economic interests in the Asian-Pacific region, the United States has repeatedly emphasized its military presence there. For example, in Clinton's Japan and South Korea speeches, he repeatedly stressed that the security protection policy is an important pillar of support for the "new Pacific community"; meanwhile, he stated that the United States would continue to maintain a powerful military presence. However, facing the new political and economical order in the Asian-Pacific region, the United States has also made adjustments in its military strategy. The major content of this is:

A. The goal of military strategy is to deal with potential adversaries. In the past, all U.S. global military strategy assumed an enemy country, but study of several Clinton speeches show us that at present, the U.S. Asian-Pacific military strategy does not clearly denote enemy countries.

B. In security affairs, it has adopted the principle of stressing both deployment of military forces and the conduct of regional security dialogues. The objective is to conduct through these dialogues international communication on military budgets and territorial problems,

get rid of misunderstandings, ease tense situations, prevent military competition, and ultimately establish relationships of mutual trust.

C. In Northeast Asia, military security is regarded as the number one objective. This means that in this region, easing the tense situation on the Korean Peninsula and maintaining stability and peace in Northeast Asia will be the highest U.S. priorities, ahead of its human-rights diplomacy in China and trade sanctions on Japan.

Overall, the success or failure of the Asian Pacific strategy will have a direct effect on future U.S. positions and its role in the world. At the same time, it will also have an important impact on development and changes in Asian-Pacific areas, and even on the world economic order. However, in the U.S. Asian-Pacific strategy there exist sharp contradictions between economic interests and political interests, and between idealism and realism, which puts it in a difficult position. Facing this coexistence of cooperation and conflict, the reality of hope coexisting with difficulty, the United States will adjust its strategy through its methods of implementation. The general tendencies of this adjustment will be: while strengthening the partnership between Japan and the United States, the United States will adopt hard measures to force Japan to open its domestic markets; on the other hand, the United States will strengthen its economic cooperation with China, then move to further exploit the trilateral relationship of China, Japan, and the United States to accomplish the goals of its strategy in the Asian-Pacific region.

Central Eurasia

Li Peng Holds Talks With Kazakh Deputy Premier

OW2402012795 Beijing XINHUA Domestic Service in Chinese 1333 GMT 23 Feb 95

[By reporter Yang Guojun (2799 0948 6874)]

[FBIS Translated Text] Beijing, 23 Feb (XINHUA)—Today, State Council Premier Li Peng met Kazakh First Deputy Prime Minister Yesengharin at the Zhongnanhai and held cordial, friendly talks with him on further strengthening good-neighborly, friendly relations between China and Kazakhstan.

During the meeting, Yesengharin conveyed Kazakh President Nazarbayev's and Prime Minister Qazhygeldin's regards to President Jiang Zemin and Premier Li Peng and handed over their respective letters to the two Chinese leaders. Li Peng asked Yesengharin to convey regards from himself and President Jiang to the Kazakh president and prime minister.

Li Peng recalled with pleasure his successful visit to Kazakhstan last year and expressed thanks to the Kazakh Government and people for the warm reception they gave him.

Li Peng said: China and Kazakhstan are neighbors. They should maintain long-term, steady, and friendly relations. He said China admires the successes achieved by Kazakhstan in economic reform and hopes that both sides will make joint efforts to improve the quality and level of economic cooperation and trade as well as encourage enterprises with a good reputation and with [financial] strength to increase cooperation.

Commenting on the railway passage serving as a link between Europe and Asia, Li Peng expressed the hope that China and Kazakhstan will help enable the "continental bridge" to play its role in promoting the economic development of China, Kazakhstan, and every country in Central Asia.

Yesengharin briefed Premier Li Peng on Kazakhstan's domestic situation and economic construction. He said Kazakhstan attaches great importance to developing cooperation with China in political, economic, and other spheres, and hopes such cooperation will enter a new phase.

Wu Yi, minister of foreign trade and economic cooperation, participated in the meeting.

More on Meeting

OW2302142495 Beijing XINHUA in English 1411 GMT 23 Feb 95

[FBIS Transcribed Text] Beijing, February 23 (XINHUA)—Chinese Premier Li Peng and visiting Deputy Prime Minister Isingarin Nigmatzhan Kabatayevich of Kazakhstan have shared the view of establishing long-term, stable and good neighborly relations.

In their meeting here today, Li Peng said that China and Kazakhstan are neighboring countries, and they should maintain a good cooperation relationship and make joint efforts to better their economic relations. China appreciated the achievements Kazakhstan had made in its ongoing economic deregulation program, Li said, adding that it was necessary to encourage enterprises of both countries to develop and strengthen their cooperation.

Li also called for joint efforts to give full play to the role of the railway linking Asia and Europe with a view to promote the economic development of the two countries and those in Central Asia.

Isingarin briefed Li on Kazakhstan's domestic situations including its economic situation. He said his country attached much importance to developing its relations with China, focusing on advancing political and economic cooperation to a new height.

The deputy Prime Minister also passed on the letters of Kazakhstan's president and prime minister to their Chinese counterparts respectively.

Military Transport Planes Procured From Uzbekistan

OW2302141695 Tokyo SANKEI SHIMBUN in Japanese 21 Feb 95 Evening Edition p 1

[By Yoshihisa Komori]

[FBIS Translated Text] Washington, 20 Feb—The "Kanwa [Chinese-Japanese] Information Center," a private research institute which monitors Chinese military moves, revealed on 20 February that the Chinese Army has purchased 15 units of the Ilyushin (IL) 76M, a heavy freight-carrying transport, from the Republic of Uzbekistan, which is a former Soviet Union republic. Since the Chinese Army had imported this kind of large military aircraft only from Russia in the past, this is apparently China's first import of such aircraft from Uzbekistan.

According to information which the Kanwa Information Center has obtained from concerned sources in Moscow, the Chinese Army recently signed a contract to buy 15 IL-76M military transport planes produced at the "Tashkent Aircraft Manufacturing Plant" in Uzbekistan, and it has already obtained 10 of them.

The IL-76M aircraft is the Chinese Air Force's largest military transport, with a carrying capacity of 40 tons. China had imported this sort of transport from Russia in the past. Since the Chinese Air Force has been trying to reinforce an "interceptor force," which rushes a counter-attack unit deep into the recesses of an enemy's territory in an emergency, it is believed that these IL-76M transports will be deployed to the "15th airborne troops," which will be the main body of the interceptor force, to contribute to improving capabilities for airborne operations.

According to the Kanwa Information Center, the military relationship between China and Russia has recently cooled down due to the unrest within the Russian military and a tense situation along the border regions of the two countries. Moreover, China understands well that even if it purchases weapons from Russia, the replenishment of parts from Russia is uncertain due to Russia's economic disorder. For this reason, it appears that China's weapons imports from the former Soviet Union republics other than Russia—including Uzbekistan—have begun to increase.

The IL-76M aircraft boasts a carrying capacity twice that of the "V-8 transport aircraft," which is the largest military transport that the Chinese Army has developed, using the former Soviet Union's Antonov-12 aircraft as a model. The center believes that the Chinese Army intends to use the IL-76M aircraft not only for the emergency transport of army personnel and weapons but also for other purposes, such as airborne early warning aircraft, electronic warfare aircraft, and an air tanker in the future.

Nation Salutes Soviet Martyrs

OW2302160995 Beijing XINHUA in English 1547
GMT 23 Feb 95

[FBIS Transcribed Text] Beijing, February 23 (XINHUA)—China laid wreaths today at the monuments and the tombs of the former Soviet Red Army generals and soldiers in various provinces and cities.

Wreath laying took place in Shenyang, capital of north-east China's Liaoning Province; Changchun, capital of neighboring Jilin province; and Wuhan, capital of central China's Hubei province, and Dalian city in Liaoning province.

The ribbons of the wreaths read: "Eternal glory to the Soviet Red Army martyrs who died in the anti-fascist war!"

Russian consulate general in Shenyang also placed wreaths at the monument and the tomb in the city.

Southeast Asia & Pacific

Sihanouk Meets Visiting Deputy Foreign Minister

OW2302155995 Beijing XINHUA in English 1524
GMT 23 Feb 95

[FBIS Transcribed Text] Phnom Penh, February 22 (XINHUA)—King Norodom Sihanouk of Cambodia met with visiting Chinese Deputy Foreign Minister Tang Jiaxuan here tonight.

During the meeting, King Sihanouk told Tang that Cambodia is facing arduous tasks of reconstruction.

But he said that his country with a population of nearly 10 million is being threatened by roughly the same number of mines. Some 300 people are killed or injured each month by the mines.

He appealed to the international community to provide assistance to help clear the mines.

Earlier in the day, Tang held talks with Cambodian Minister of Foreign Minister and International Cooperation Ing Huot on promoting cooperation between their two countries in many areas.

After the talks, Chinese Ambassador to Cambodia Xie Yue and Ing Huot had an exchange of notes on China providing 2,000 tons of rice to Cambodia.

The Chinese deputy foreign minister arrived here today for an official visit.

Qian Qichen Meets Singaporean State Minister

OW2402101995 Beijing XINHUA in English 0957
GMT 24 Feb 95

[FBIS Transcribed Text] Beijing, February 24 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen met here today with Goh Chee Wee, minister of state of the Ministry of Trade and Industry of Singapore.

Qian and Goh, also minister of state of the Ministry of Communications, discussed issues concerning bilateral cooperation in tourism.

Goh is here at the head of a delegation at the invitation of Liu Yi, chairman of China's National Tourism Administration.

Zou Jiahua Meets Vietnamese Labor Minister*OW2402121395 Beijing XINHUA in English 1204
GMT 24 Feb 95*

[FBIS Transcribed Text] Beijing, February 24 (XINHUA)—Chinese Vice-Premier Zou Jiahua met here today with Tran Dinh Hoan, Minister of Labor, War Invalids and Social Affairs of Vietnam, and his party.

Chinese Minister of Labor Li Boyong was present on the occasion.

Western Samoan Premier Leaves Guangzhou for Home*OW2302144095 Beijing XINHUA in English 1427
GMT 23 Feb 95*

[FBIS Transcribed Text] Guangzhou, February 23 (XINHUA)—Tofilau Eti Alesana, prime minister and foreign minister of Western Samoa, today left here for home via Hong Kong at the end of his six-day official visit to China.

Tofilau and his party were seen off at the airport by Zhang Chunyuan, chairman of the Chinese government reception committee and Chinese vice-minister of Water Resources, and Zhong Qiquan, deputy governor of Guangdong Province.

The Western Samoan leader arrived here from Beijing on February 21. The very evening, Lu Ruihua, deputy governor of Guangdong province, met with and gave a banquet in honor of Tofilau and his entourage.

Lu also briefed the visitors on Guangdong province's reform and opening up to the outside world and its economic growth.

Tofilau said that Western Samoa desires to strengthen its economic cooperation with the Guangdong Province.

During his stay here, Tofilau visited a township enterprise and a vegetable production base. This morning, Tofilau held talks with local entrepreneurs. He said that Guangdong businessmen are welcome to invest in Western Samoa.

West Europe***Article Views Future EU Prospects, Problems***95CM0137A Beijing XIANDAI GUOJI GUANXI
[CONTEMPORARY INTERNATIONAL RELATIONS]
in Chinese No 1, 13 Jan 95 pp 13-17, 43*

[Article by Wan Lingying (8001 3781 5391): "The European Union After Its First Year of Operation"]

[FBIS Translated Text] In its first year of operation, the European Union [EU] has made huge efforts to promote European integration: It has improved the European economic climate to pull Europe out of its economic recession faster; it has taken steps to promote the achievement of its

economic and monetary union objectives; it has coordinated its foreign policy to reinforce its position in competing with the United States for dominance over European affairs; it has engaged in military cooperation to strengthen Europe's joint defenses; and it has admitted new members to enhance overall EU might.

And while the EU has encountered numerous difficulties and obstructions to its progress, the union is after all the general trend of the times. It is predicted that Europe will make certain new explorations on its road to union.

When the Maastricht Treaty went into effect on 1 November 1993, the EU began to operate. This was a crucial milestone in Europe's course of integration. But in the last year, the EU has been limping along, making tortuous progress. On one hand, the thorny path and difficulty in walking it were hardly unexpected. But on the other, it has made rich achievements and begun to show a graceful bearing as the world's largest and most closely integrated regional entity. This indicates the EU's difficult and tortuous yet bright and promising prospects.

I

In the year since its institution, the EU has encountered domestic and foreign political and economic pressures and challenges, while displaying for the first time its talents in the areas of promoting economic integration, diplomatic and defense cooperation, and its own expansion, to demonstrate the proper vitality.

Faced with the challenges of the 21st century international economic arena, the EU's most pressing task is to ensure that it pulls out of its economic recession and speeds up its economic growth to resolve its severe unemployment problem. This was also the crucial mission set forth by the EU's first summit conference in December 1993 after its founding. Its executive committee presented at that summit conference a white paper on "Economic Growth, Competitiveness, and the Jobs Problem," noting that Europe's glaring unemployment problem was the result of nearly two decades of various accumulating factors. In that two decades, Europe's economic growth rate dropped from 4 percent to 2.5 percent, with its investment rate down 5 percent. And in areas such as jobs, market share, and high-tech research, Europe's status also declined in relation to the United States and Japan. The EU's research-and-development [R&D]-outlay-to-GNP ratio was only 2 percent, behind the United States and Japan (2.8 percent for the United States and 3 percent in Japan). The white paper held that Europe's basic way out was to reinforce its high-tech development to make it more competitive economically. As to government fiscal difficulties, it encouraged private-sector investment. Meanwhile, it noted the need to make full use of its existing large internal market and to build an "information superhighway." The white paper recommended that in the next decade, the EU should invest 150 billion ECU's to build up its information infrastructure, raise its R&D outlay to 3 percent, and create 15 million jobs before the

year 2000. The summit conference essentially approved that white paper, deciding to raise 120 billion ECU's from 1994 to 1999 for investment in building public works to expand pan-European infrastructures, such as transportation and communications networks, to improve the EU's economic climate, and to bring its economic regionalization advantages into better play.

The EU summit conference held on Corfu Island in June 1994 went on to decide to implement plans for public works across the European continent, including 11 projects, such as construction of the English Channel tunnel [the Chunnel] and a railway running from London through Brussels to Paris. By the year 2010, \$85.1 billion will have been invested in these 11 projects. And the summit conference at the end of 1994 implemented fundraising items.

To promote the achievement of its economic and monetary union objectives, the EU has also done much work. 1) It has speeded up the establishment of the European Monetary Agency [EMA], setting Frankfurt as the location of its future European Bank [EB]. As EU members, particularly Britain and Germany, had been engaged all along in both open strife and veiled struggle over the issue of the location of the EB, the EU used the method of a package resolution to set up 10 new agencies, which satisfied all members, to successfully resolve this dispute. The EMA began operations in January 1994. 2) The EU has promoted a coordinated economic policy by its members. The day after the founding of the EU, France and Germany established an economic commission and set forth plans for coordinating the economies of their two countries. It was provided that the French budget deficit of 5.5 percent of GDP would be reduced to 2 percent by 1997, with Germany's down from 6.5 percent to 3 percent by 1995, and that the German economic growth rate would reach 3 percent beginning in 1995, with France's reaching 2.8 percent. The EU's June 1994 summit conference approved the "Crucial Principles for Member's Economic Policy" set forth by the executive committee, which provided that member nations must give priority to the four economic policies of setting prices and exchange rates, reorganizing national finances, sharing internal-large-market profits, and carrying out structural adjustments to create jobs. Then the Council of Ministers discussed plans to control budget deficits and make specific demands on most members that had not yet reached the Maastricht Treaty-stipulated target (that deficits not exceed 3 percent of GDP).

As to foreign policy, in the past year the EU has coordinated its actions in strengthening NATO's European defense wing, aiding Russia and eastern European countries, and dealing with the problem of Bosnia-Herzegovina, to enhance its position in the struggle with the United States over domination of European affairs. The EU has also promptly set forth a new Asia-oriented strategy. Due to the rise of Asia, the contrast of world economic might has been undergoing a sharp change.

And while its members had adjusted their Asian policies, the EU still lacked an overall strategy, which was likely to make the EU "lose the chance to exploit the emerging Asian economic miracle." So the EU appealed to Europe that it must give Asia "a far more important priority status than before." In addition, while EU trade with Asia since the 1980s had grown sharply, its ratio of direct investment in Asia was down sharply, putting the EU in a disadvantageous position with the United States and Japan in Asian competition. To reverse this situation, the EU proceeded first to reinforce its political relations with Asian countries by continuing or starting an extensive political dialogue with Asia, the substance of which included items such as expanding the scope of the UN's conventional weapons registration and nuclear nonproliferation treaties. Economically, the EU has taken an active part in cooperation with Asian countries, increasing its investment in Asia, and supporting trade promotion activities. The EU recently held its first dialogue with the ASEAN countries, discussing and opening up fields and means of better economic cooperation. So the EU has taken actions to gain a more favorable position in the vigorous Asian economic arena.

Promoting a joint European defense is another key EU action. Less than a week after the founding of the EU, the European Army Group [EAG] set up staff headquarters in Strasbourg, to enable the EAG to take independent action, as well as to plan actions as requested by NATO and the western European alliance. By October 1995, the EAG's military might, with participation by EU members such as France, Germany, Belgium, Holland, Luxembourg, Italy, and Spain, is likely to reach 35,000-40,000 troops. It can now employ an existing 4,200-man joint French-German army. This will officially turn the EAG into the first military means of providing service for the defense of Europe. The British press has disclosed that the EU's only two nuclear nations, Britain and France, are now engaged in secret talks to discuss the establishment of a joint nuclear deterrence force. These two nations may either jointly build and control nuclear subs and upgrade their destroyers, or share the nuclear deterrence mission by organizing joint ballistic missile sub patrols. They have established a joint air command to support international peacekeeping operations. This command can deploy aircraft from both nations to provide transport and air support for international rescue and peacekeeping operations. As all European nations are now cutting back their defense financial and material might, this could be considered a key step to strengthen their joint military might.

EU members have also tightened their cooperation in the area of advanced arms production. All European nations, in the interests of factors such as security, jobs, and national self-reliance have been accustomed to independent arms production. But as weapons systems are now growing ever more advanced, with ever higher production costs, increased budget pressures, and sharper international arms-sale competition, one country alone is hardly up to the task. So European

arms-industry companies have begun to tighten their joint efforts. German and French aviation and space-flight companies are now negotiating the cooperative development of guided missiles and satellites. And the French Matra Corp is negotiating with British aviation and spaceflight companies for the merger of their guided-missile manufacturing businesses. At the end of 1993, the five nations of France, Germany, Britain, Italy, and Spain signed an intergovernmental protocol for the joint production of wide-body military transport planes. And it is reported that Belgium, Portugal, and Turkey will also take part in this production project. In July 1994, Italy, Germany, and Britain agreed to invest \$12 billion in the joint production of a European corvette.

Advances made by the EU in the area of promoting a joint defense by its members are a key result of its integration progress, which will be bound to have a far-reaching impact on the European situation and interrelations among the United States, Russia, and Europe.

In the past year, the EU has also made key progress in the area of self-expansion, reaching respective agreements with Austria, Finland, Sweden, and Norway on EU membership. Austria, Finland, and Sweden have already won public approval, so will become official EU members starting in January 1995. The EU's agreements with Austria, Finland, and Sweden are in the interests of all parties concerned. As to the EU, to adapt to the changed post-Cold War world order, it has to expand its might to become an independent major player in the coming multipolar world. And the three nations, including Austria, have a very high level of economic development, already exceeding that of most EU members. So admitting them to the EU not only increases the EU's overall might, but also contributes directly to EU revenues. As to the applicant nations, joining the EU is their best option for safeguarding and promoting their national interests in the new status quo. And in the negotiations, their respective special demands in areas such as farm and regional subsidies and motor-vehicle passage restrictions have been met. The admission of these three nations to the EU in 1995 will be bound to further elevate the status and impact of the EU in international affairs.

II

But the accomplishments made by the EU in the past year are still far from those demanded by the situation and the Maastricht Treaty's objectives, with numerous difficulties and obstructions encountered in the forward progress.

1. The economic and monetary union plans have been harder to realize than was anticipated. The Maastricht Treaty provides that economic and monetary union is to be realized within seven years of its signing. But with three of those years now past, the members are even further from economic and monetary union in certain areas than before. This is mainly because in the early 1990s, EU members have experienced respective economic recessions, with budget deficits and public debts

generally up sharply, making it even harder for them to reach the macroeconomic targets set by the Maastricht Treaty. In addition, the European monetary crisis from September 1992 to August 1993 further widened the economic and monetary policy gap among EU nations. The EU's financial and monetary state remains poor. The "temporary" withdrawal by the two nations of Britain and Italy of their currencies from the European Currency System's [ECS] exchange rate mechanism has lasted for more than two years now with no signs of return. The Greek currency has never joined the European monetary mechanism. It is only the currencies of the two countries of Germany and Holland that have maintained the 2.25-percent range of float from the originally set central exchange rate, with the currency exchange rates of the other seven countries being nearly free-floating (15 percent from the central rate). In fact, the ECS is no longer able to play the roles of stabilizing member currencies and coordinating member economic and monetary policies. And while the European economy has now begun to revive, it remains uncertain whether the members will be able to meet the macroeconomic targets for participation in economic and monetary union within the prescribed deadline.

2. Conflicts within the EU over the matters of expansion and intensification are growing ever more glaring. While the major substance of the Maastricht Treaty was to promote intensified economic union, developing circumstances have elevated the matter of an expanded EU to a more urgent standing. As less than a month after the signing of the Maastricht Treaty, the Soviet Union broke up and the Warsaw Pact was dissolved, the European political order has undergone a fundamental change. And in the early 1990s, all European nations experienced economic recessions to one degree or another. So due to considerations such as politics, security interests, and the search for economic remedies a large group of EU applicants remain waiting outside of the EU. And to enhance its standing in global economic competition with the United States and Japan and in the struggle with the United States and Russia over European dominance, the EU also has to speed up its growth to strengthen its own ranks. This case of willingness by both parties is pushing the EU to accelerate its rate of expansion.

But the members are certainly not unanimous on how to further expand the EU once the four nations, including as Austria, have been admitted. Germany, out of geopolitical considerations and its long-range interest in becoming the center of the EU, is calling urgently for the EU to be extended eastward. Germany is repeatedly calling for the formulation of a specific timetable for the admission of central and eastern European countries to the EU. And while France does not actually want faster expansion, to win German support for union intensification, it is making concessions to Germany on the expansion matter. But it still hopes that expansion and intensification will proceed simultaneously, emphasizing that "we must not let expansion regardless of the consequences endanger the intensification of union among EU

members." And to hold off Germany, France is also trying to get Mediterranean countries admitted to the EU to balance the expansion of German might once the EU expands eastward. While Britain has always favored a loose union, while not opposing expansion, it also does not want German might and influence to expand too quickly. Italy, on the other hand, has always opposed a faster expansion. The poorer southern European members, such as Spain, are concerned that the admission of central and eastern European countries to the EU will infringe on their own vested economic interests in the EU, as the central and eastern European countries are far less developed than the EU. While the EU's 12 member nations have a per capita GDP of \$18,600, even eastern Europe's richer countries of Poland, Hungary, the Czech Republic, and Slovakia have per capita GDP's of only \$3,000. So their admission to the EU will be bound to change the EU's regional aid fund flow. A report by a professor at Britain's Economic Policy Studies Center notes that the admission of these four countries to the EU will raise the EU's regional aid and farm subsidy outlay 75 percent. And as member attitudes toward expansion vary, both the open strife and veiled struggle over the expansion matter are growing ever more acrimonious. There is much controversy among members over how to resolve the conflict between expansion and intensification. The most important difference of opinion is over whether to stick to the Maastricht Treaty-set EU model, or to accept as second best a federated Europe similar to a large free trade zone. This is a fundamental matter involving what kind of a Europe is to be established.

In the last year, the conflict and controversy over the EU establishment model has continued to grow. This controversy has in fact lain dormant for a long time because, since integration has developed in depth, the members in fact still have disparate and varying growth rates. The conflict between expansion and intensification has stirred up this controversy, with the most recent differences of opinion over central EU theory pushing it to climax.

On 30 August, in an interview with a FIGARO reporter, French Prime Minister Baladur set forth his concept of a "three-level Europe" in "three concentric circles." Then on 1 September, German Chancellor Kohl's subordinate in the Federal Congress, Chairman Schwiebler of the Coalition Party Parliamentary Group, published a document entitled "Thoughts on European Policy," setting forth his suggestion for a multiple-speed Europe in which the five nations of Germany, France, Holland, Belgium, and Luxembourg would form the core.

These French and German proposals immediately touched off strong opposition by EU members. Britain, which was accustomed to regarding itself as a European great nation, was highly annoyed by being excluded from the core and placed on a slow track. Prime Minister Major suggested that the EU ought to become a "community menu of choice composed of certain variable alliances," or "one in which the members decide on their

own at what rate to proceed in various fields." Britain held that the EU ought to pursue a "flexible, multiple-track policy." Italy, which had been a founding member of the European Union, naturally felt surprised and angry at now being excluded from the core, with the Italian Foreign Minister saying that such "thinking" by Germany would lead to "the collapse of Europe." Spain acknowledged the reality of multiple-speed development, while opposing the self-proclamation by certain nations that they were the core. As Spain had always hoped that it could elbow its way into the core, it stated clearly that "belonging to the central core was a priority objective of the Spanish Government." And certain other nations that were not listed as core countries generally felt that they had been "underestimated" and reduced to "second- or third-country" status, emphasizing that "Europe must proceed together."

In this state of affairs, France hastily opened up some distance from Germany to win majority allied sympathy. Baladur stated publicly that his proposal had absolutely nothing in common with Germany's "Thoughts." The German Government took a cautious approach to this controversy. Kohl repeatedly refused to take a stand on the "Thoughts," while expressing clear disagreement with Britain's "menu-type Europe" and "hopes that Europe's rate of progress would not be held back by the fleet's slowest ship."

Due to this nearly unanimous opposition, while the European Parliament passed with an overwhelming majority a bill in opposition to a multiple-speed Europe, many of its members held that varying rates of development already actually existed among EU members, with the issue being merely that "this phenomenon must not be perpetuated." Nearly all members held that as there was such great difference of opinion and confusion of position on the European development model that the time was not ripe to debate it. The controversy over what kind of a Europe is to be established will go on for quite some time, have a certain impact the progress of integration.

III

But while the EU is experiencing much internal conflict, the union remains the general trend of the times. To find a compromise plan that is acceptable to all parties, the members have cooled down openly intense controversy since the fall of 1994, moving to more intense bilateral consultations. So it appears that the road to European union will see certain new explorations. The pace of economic integration may become more flexible, while political and defense cooperation is likely to be elevated to a more crucial status. It is predicted that the 1996 EU summit conference to consider and amend the Maastricht Treaty is likely to outline a more realistic blueprint for the EU model.

As to the EU model, while the "debate over the core" has led to rejection of the "multiple-speed theory," real variable-rate development already exists within the EU. As +

how to take into account the interests and national sentiments of the slower-paced countries, while not obstructing the forward progress of the European train, the remedy is likely to be to provide a transition period for the slower-paced countries, enabling them to catch up gradually, while not taking radical steps to immediately restrict and weaken the rights of member nations. As Kohl says, "while our responsibility is first to mold tomorrow's Europe, we need to show more understanding of the differing experiences of EU members, and consider the possibility of using certain transition phases or limited exceptions, to resolve certain issues without stopping the progress of our dominant ranks." EMA President Ramfloss has made similar statements. He says that "the transition from many currencies to a single one is likely to take a sustained transition period of a number of years." Some members who are the leaders in "molding the Europe of tomorrow" will get onto the fast-track first, thus spurring the other members to advance together with them through a transition period. This method of unity of aspiration with emphasis on the overall situation is likely to be acceptable to all member nations. In addition, France has proposed an "optional field" plan, in which only members participating in a particular field would be qualified to participate in the voting for the Council of Ministers that would determine policy in that field. If the EU were to implement this French plan, then the countries not participating in the unified European currency, such as Britain and Denmark, would lose their right to speak on future policy-making in regards to the European currency. And while there is not much likelihood that this method will be adopted, it cannot be absolutely excluded.

As to EU expansion prospects, the current consensus among the members is that further EU expansion will be premised on reform of EU agencies (most crucially the policy-making agency of the Council of Ministers) and their voting system, as well as reform of the common farm policy. This is because the current EU mechanisms were set over three decades ago with the founding of the European Economic Community [EEC] by six nations. And as great changes have subsequently occurred, unless the old mechanisms are reformed, they will affect normal EU operations. The EU Council of Ministers originally provided that each member nation would send a minister to take part in the organization, with the presidency being held in rotation for six-month terms. The voting method is determined by the importance of the issue. Crucial issues, such as finances, security, foreign affairs, and admission of new members, require unanimous approval. There is one vote per nation, with all nations having equal veto power. The voting method for ordinary matters is a special majority. Member voting rights are set based on their population ratio. Once the three new countries, including Austria, are admitted, there will be significant dissension among members over the voting system, and, if the EU is expanded even further, the conflict will grow even more complex. It appears that the most contentious issue will be over whether to eliminate the veto power. While nations such as France

hope that the great nations will have more of a share in the Council, the smaller countries are demanding equal power, with the preservation of the one-country one-vote veto power. As to the development trend, as the EU expands steadily, even if the universal veto power is maintained, it will be shrunk in scope to keep from affecting efficiency due to policy-making formalities in the constantly expanding agencies.

The prospects for reform of the common farm policy are even less optimistic. This is because most of the applicants are highly dependent on agriculture. If the EU's common farm policy remains unchanged, the ever heavier outlay for farm product subsidies will become unendurable. And if the policy of subsidizing farm products is reformed, the vested economic interests of some members will be immediately damaged. As this problem involves the crucial interests of all countries, it is feared that it will be hard for the EU to find a way to resolve the conflict that will satisfy all parties in the short-term. There is also a very slim possibility that central and eastern European countries will be admitted to the EU in this century. The EU is now taking an active but cautious policy toward eastward expansion. In October 1994, the EU established ministerial-level contacts with the six countries of Poland, Hungary, the Czech Republic, Slovakia, Romania, and Bulgaria, called an "organized dialogue." But due to dissent among its members, the EU has not yet made a decision on "regular" consultations with these six countries. So it seems that while expanding to the east is an established EU objective, the timetable for its advancement is being restricted by internal conflict and the difficult course of integration.

In the area of defense and security cooperation, the EU is likely to take new steps. While the Maastricht Treaty did not provide detailed plans for political and defense union, the EU has still made some progress since its founding in the area of defense policy and war production cooperation. It needs to be noted that Britain and France are not only engaged in consultation over cooperation in the area of nuclear deterrence, but are also growing unprecedentedly close in defense policy. While Britain had always opposed EU assumption of defense responsibility, its most recent opposition to a joint defense under the EU umbrella has been quieter. Hurd, secretary of state for foreign and commonwealth affairs, has stated that Britain needs to make joint efforts with France to reinforce an effective "European defense agency independent of NATO." The media holds that this is likely to mean that Britain will agree to make the western European alliance one of the pillars of the EU. In addition, the British INDEPENDENT NEWS has disclosed that Britain and France are also discussing the formulation of a "semi-independent" EU defense policy, or separating defense from other policies, such as economic, social, and diplomatic, to meet the needs of certain "neutral" members that want to take part in EU foreign policy but not its defense policy. It is predicted that at the 1996 EU summit conference, the matter of a

joint defense will become a key part of the agenda and be included in the amendments to the Maastricht Treaty.

European union during the Cold War was always driven by the two nations of France and Germany. But since the end of the Cold War, the European political order has undergone a fundamental change, with unified Germany growing in might, while France's status in the EU is correspondingly weaker. The dual French-German drive has begun to be slanted toward Germany. French-German discord is nothing new. The German Coalition Party's trotting out of its "core theory" has made France feel that Germany's purpose in pulling the three nations of Holland, Belgium, and Luxembourg, with whom Germany has close relations, into the core, is to establish German dominance in the EU, so France rejected the German proposal out of hand. French vigilance toward and concern about Germany is bound to grow more intense. And the other EU members also do not want Germany to monopolize the EU, demanding equal participation in EU policy-making. Whether European union will continue to revolve around France and Germany has been thrown into sharp doubt. While it appears that it will be hard to prevent German dominance, great nations such as France and Britain will also vie for expanded influence, so that relations among EU members are likely to be realigned.

Shanghai's Tongji University Maintains German Links

OW2302132595 Beijing XINHUA in English 1257
GMT 23 Feb 95

[FBIS Transcribed Text] Shanghai, February 23 (XINHUA)—Tongji University in Shanghai has become one of the major centers for cultural and scientific exchanges between China and Germany.

Well-informed sources said the university, founded by a German doctor in 1907, has established cooperative relations and conducted personnel exchanges with 16 universities and institutes in Germany and cooperated with a number of German enterprises in sciences and technology.

In addition, the university has launched 17 cooperative programs with the Federal Techs Department and Volks Foundation in Germany, which cover machinery, environments¹ protection, business management, language and other fields.

A German industrial association has set up a center in the university to provide market information and legal services for German investors in Shanghai, according to the sources.

Gao Yaoting, president of the university, said Tongji attaches great importance to cooperation with Germany and to the introduction of up-to-date technology and experiences in developing higher education from Germany.

NPC's Wang Guangying Meets Netherlands Visitors

OW2302092395 Beijing XINHUA in English 0907
GMT 23 Feb 95

[FBIS Transcribed Text] Beijing, February 23 (XINHUA)—Wang Guangying, vice-chairman of the Standing Committee of the Chinese National People's Congress (NPC), met with a delegation from Association of Dutch Municipalities (ADM) here this afternoon.

The 9-member delegation, headed by Ivo Opstelten, chairman of the Executive Board of ADM and Mayor of Utrecht of the Netherlands, arrived here on February 16 for a visit to China as guests of the Chinese People's Association For Friendship With Foreign Countries.

Political & Social**NPC Standing Committee Discusses Law Bills***OW2402141395 Beijing XINHUA in English 1354
GMT 24 Feb 95*

[FBIS Transcribed Text] Beijing, February 24 (XINHUA)—The ongoing session of China's top legislature, which opened Tuesday, [21 February] has been deliberating draft laws on judges, procurators and police.

The three draft laws have been formulated to specify the rights and duties of the country's judicial and law-enforcement bodies, and intensify standardized management and supervision over them to ensure justice, experts say.

The draft laws on judges and procurators have been revised twice, and the police law draft has been changed according to preliminary discussion results by the National People's Congress (NPC) Standing Committee.

It is agreed by the legislators that the three laws are essential for the independent exercise of law by judicial and law-enforcement bodies, and the safeguarding of social and economic orders.

The laws are, in general, feasible and should be adopted at the current 12th session of the NPC Standing Committee after further revisions, they said.

Lawmaker Huang Changxi said that the law drafts "should embrace legal consequences for those who interfere in the exercise of the duties of judges and procurators."

Punishment for law enforcement abuses should also be specified in the law, another lawmaker, Xia Jiajun, said.

The law-enforcement bodies should be supervised by the public as well as the people's congresses at various levels.

The draft police law has been added with the content that police should serve the people whole-heartedly.

The latest draft says that the police must help when citizens or their property are being threatened; help to solve disputes citizens bring to them for arbitration; and actively participate in disaster-relief and works for the public benefit.

Lawmakers have suggested that the original draft of the police law contain a clause basing recruitment of police on examinations. They said it should also outlaw the practice of civilian adoption of police insignia, and stipulate clearly the range of fines and other monetary penalties to prevent abuse of their authority by the police.

CPPCC Standing Committee Meeting Opens**Li Ruihuan Presides***OW2402140895 Beijing XINHUA Domestic Service in
Chinese 0634 GMT 24 Feb 95*

[By reporters Zou Aiguo (6760 1947 0948) and Sun Yong (1327 0516)]

[FBIS Translated Text] Beijing, 24 Feb (XINHUA)—The 10th Session of the Standing Committee of the Eighth Chinese People's Political Consultative Conference (CPPCC) National Committee began in Beijing this morning. The session is being held primarily to make preparations for the convocation of the Third Session of the Eighth CPPCC National Committee, which will open on 3 March.

Today's meeting was chaired by Li Ruihuan, member of the Standing Committee of the CPC Central Committee Political Bureau and chairman of the CPPCC National Committee.

It is reported that the current Standing Committee session will deliberate the (draft) report on the work of the Standing Committee of the CPPCC National Committee, discuss the (draft) "Government Work Report," and decide on relevant matters.

The meeting heard an explanation by Zhu Xun, secretary general of the CPPCC National Committee, on the draft agenda and schedule of the Third Session of the Eighth CPPCC National Committee. Zhu Xun said: The main items on the agenda of the coming CPPCC session are deliberating the report on the work of the Standing Committee of the CPPCC National Committee, attending the Third Session of the Eighth National People's Congress as non-voting delegates, deliberating and adopting the report of the motions committee on the examination of the proposals submitted to the Third Session of the Eighth CPPCC National Committee, deliberating and adopting the resolutions of the Third Session of the Eighth CPPCC National Committee, and electing additional Standing Committee members for the Eighth CPPCC National Committee.

The meeting today also heard an explanation made by Zheng Wantong, deputy secretary general of the CPPCC National Committee, on the drafting of the report on the work of the Standing Committee of the Eighth CPPCC National Committee, and an explanation made by Wang Zhaoguo, vice chairman of the CPPCC National Committee, on the draft namelist of the candidates for additional Standing Committee members to be elected at the Third Session of the Eighth CPPCC National Committee.

Li Ruihuan said during the meeting: While the (draft) report on the work of the Standing Committee of the Eighth CPPCC National Committee is a summary of the last year's work of the Standing Committee, it also sets the tasks for this year. I hope that all standing committee members will recall their experience gained over the last year and express their views freely on the draft work report of the Standing Committee and on other draft reports during panel discussion. The document drafting committee will revise the drafts according to your opinions before submitting them to the plenary meeting for deliberation.

Present at the meeting were vice chairmen of the CPPCC National Committee Ye Xuanping, Wu Xueqian, Yang

Rudai, Ngapoi Ngawang Jigme, Hong Xuezhi, Deng Zhaoxiang, Qian Weichang, Hu Sheng, Qian Zhengying, Sun Fuling, Zhu Guangya, and Wan Guoquan.

Views Upcoming CPPCC Meeting

OW2402120195 Beijing XINHUA in English 1141
GMT 24 Feb 95

[FBIS Transcribed Text] Beijing, February 24 (XINHUA)—The Third Session of the Eighth National Committee of the Chinese People's Political Consultative Conference (CPPCC) is to be held in Beijing between March 3rd and 14th.

This was announced by Zhu Xun, secretary-general of the CPPCC National Committee, at the 10th session of the Standing Committee of CPPCC's Eighth National Committee which opened here today.

Today's meeting was presided over by Li Ruihuan, chairman of the CPPCC National Committee. Li is also a member of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China.

The meeting will examine the draft work reports of the CPPCC Eighth National Committee's Standing Committee and of the Chinese government, Li said.

It will also examine the namelist of new members of the CPPCC National Committee, the suggested namelist of new members of the Standing Committee of the CPPCC National Committee and the report submitted by the CPPCC's Proposals Committee, as well as make some personnel appointments.

At today's meeting, Zhu Xun gave an explanation of the draft agenda and schedule of the forthcoming third session.

Wang Zhaoguo, vice-chairman of the CPPCC National Committee told the meeting that 22 members of the CPPCC National Committee, including a vice-chairman and four standing committee members, have passed away since the second session.

Twenty-four new members, chosen from over 130 people recommended by various circles, were added to the namelist of the third session of the Eighth CPPCC National Committee.

Qiao Shi Inspects Sichuan Province 17-20 Feb

OW2402132995 Beijing XINHUA Domestic Service in Chinese 1008 GMT 20 Feb 95

[By reporter Cheng Jian (2052 1696)]

[FBIS Translated Text] Chengdu, 20 Feb (XINHUA)—Qiao Shi, member of the Standing Committee of Political Bureau of the CPC Central Committee and chairman of the Standing Committee of the National People's Congress, stressed during a recent inspection tour of Panzhihua City, Sichuan, that we must carry

forward the spirit of self-reliance and hard work and carry on development and construction with redoubled efforts. We should dare to make innovations, take bold actions, and extend every effort in implementing reform of state-owned large- and medium-sized enterprises.

From 17 to 19 February, Qiao Shi, accompanied by Xie Shijie, secretary of the Sichuan Provincial CPC Committee, Deputy Secretary Song Baorui, and Deputy Governor Ma Lin, conducted an inspection tour of Panzhihua City. He heard a briefing on the city's achievements in construction and its economic and social developments, and visited the second phase of the construction of the Panzhihua Iron and Steel Complex (PISC) and the construction site of the Ertan Hydropower Station. Qiao Shi, who visited Panzhihua in 1988, was pleased by the dramatic changes the city has undergone in the past seven years. He said that after 30 years of development, Panzhihua, a city known for its bountiful natural resources, has a considerable amount of infrastructure needed for a modern industrial base. It is a city with great potential. He urged the city to make full use of its advantages, deepen reform, open up wider to the outside world, and promote development and construction with redoubled efforts, saying that Panzhihua will realize greater development and exert more influence on development and construction in southwest China.

Qiao Shi was very interested about the PISC's construction and the comprehensive utilization of Panzhihua's mineral resources. He visited the projects of the second phase of the PISC's construction—some of which have been completed and are already in operation—and praised the PISC for its efforts in assimilating advanced technologies, making innovations, and expanding markets at home and abroad. At the PISC's Steel Research Institute, Qiao Shi checked the progress it has made in research on comprehensive development and utilization of self-ignite. He said that the PISC occupies an important position in China's metallurgical industry; it enjoys unique advantages and holds out great hopes in the development of mineral resources. He urged the PISC to keep up its good work and make new advances, in terms of the breadth and depth, in the fields of production, construction, and research.

The Ertan Hydropower Station, located on the north of Panzhihua, is one of China's major energy and water conservation projects. At Ertan, Qiao Shi heard a briefing as he toured the construction site and inquired with great interest about relevant developments. Construction of the Ertan project has been carried out in ways that favorably manifest the policy of reform and opening up. The project is funded with World Bank loans, and it was contracted out through public bidding procedures open to foreign bidders. The Chinese and foreign contractors are working on it together and they have gained much good experience in technology and management. Working with fierce tenacity, they have overcome many difficulties and construction has proceeded, by and large, smoothly. Qiao Shi expressed

satisfaction at this and saluted all the personnel involved in the project. He urged them to continue to exert themselves for greater achievements and complete the project on schedule and in high quality.

During his inspection, Qiao Shi made a point of discussing with cadres at all levels problems they have encountered while implementing reform, opening up, and the modernization drive. He emphasized the need to implement the reform of state-owned large- and medium-sized enterprises. He said: We have obtained some experience in enterprise reform in experiments over the past few years. Reform measures should be implemented once they are proven to be effective. We should have the courage to take risks and promptly correct any mistakes we may have made. Instead of forever taking a wait-and-see attitude, we should march forward and actively explore new ways in order to truly build a modern enterprise system.

On 20 February, Qiao Shi paid a call on members of the Presidium of the Third Session of the Eighth Sichuan Provincial People's Congress. Xie Shijie, Xiao Yang, Yang Xizong, and Nie Ronggui were on hand at the meeting.

Yang Shangkun Inspects Guangdong, SEZs

OW2302154495 Beijing XINHUA Domestic Service in Chinese 0909 GMT 23 Feb 95

[By reporter Wang Chuanzhen (3769 0278 4176)]

[FBIS Translated Text] Guangzhou, 23 Feb (XINHUA)—During his recent inspection tour in Guangdong, Comrade Yang Shangkun urged Guangdong to continue to seize the opportunity, surmount difficulties, and speed up the pace of reform, opening up and economic construction.

Yang Shangkun inspected Guangzhou, Foshan, Shenzhen, Dongguan, Zhongshan, Zhuhai, Shunde and Nanhai during the Spring Festival holidays in the company of Xie Fei, secretary of the Guangdong Provincial Party Committee; Zhu Senlin, governor of Guangdong; and Huang Huahua, deputy secretary of the Guangdong Provincial Party Committee. He also heard briefings given by the local authorities about their work.

Special economic zones were the priority of Yang Shangkun's inspection tour. He said: I feel very confident after seeing Shenzhen and Zhuhai this time. Special economic zones have cultivated many young but knowledgeable, proficient, and experienced cadres. They are special economic zones' assets. The reform measures which the state introduced last year were quite intensive. Special economic zones were quite successful during their transition period, and they have maintained good developmental momentum.

Yang Shangkun pointed out: Special economic zones were established because of Comrade Deng Xiaoping's foresight. Special economic zones should seize the

opportunity, and if they fail to do so they cannot keep pace with the developments in the world. He said: In less than 900 days China will re-exercise its sovereignty over Hong Kong in 1997. The Shenzhen Special Economic Zone should play the role of a bridge serving Hong Kong's stable transition as well as its stability and prosperity.

While visiting Dongguan, Zhongshan, Foshan, Shunde and Nanhai, Yang Shangkun visited local exhibitions of their reform and opening up achievements, high and new-technology development zones, and the Humen Lin Zexu Memorial Hall.

During the inspection, Yang Shangkun also had meetings with celebrities from Hong Kong and Macao; Huo Yingdong [Henry Fok Ying-tung] and Ma Wanqi [Ma Man-kei], vice chairmen of the Chinese People's Political Consultative Conference National Committee; and some veteran comrades who had assumed leading offices in Guangdong.

TV Shows Tour

OW2302161895 Beijing Central Television Program
One Network in Mandarin 1105 GMT 23 Feb 95

[Announcer-read report over video; from the "National News Hookup" program]

[FBIS Translated Text] During his recent inspection tour in Guangdong, Comrade Yang Shangkun urged Guangdong to continue to seize the opportunity, surmount difficulties, and speed up the pace of reform, opening up and economic construction [video shows medium close-ups of Yang Shangkun, accompanied by a group of unidentifiable officials, walking unaided toward by the camera. Then the video cuts to show close-ups of Yang visiting an exhibition, and holding a thick "Dictionary of National History" and handing it over to an aide after examining the first few pages].

Special economic zones were the priority of Yang Shangkun's inspection tour. He delightfully said: Special economic zones have cultivated many young but knowledgeable, proficient, and experienced cadres. They are special economic zones' assets.

Yang Shangkun pointed out: Special economic zones were established because of Comrade Deng Xiaoping's foresight. Special economic zones should seize the opportunity, and if they fail to do so they cannot keep pace with the developments in the world. [video shows close-ups of Yang Shangkun inscribing a message with a felt-tip pen, cutting to show Yang, with unidentifiable officials sitting behind a long table in a room with large windows overlooking a cityscape]

He said: In less than 900 days China will re-exercise its sovereignty over Hong Kong in 1997. The Shenzhen Special Economic Zone should play the role of a bridge serving Hong Kong's stable transition as well as its stability and prosperity. [video shows medium distant

shots of Yang Shangkun, accompanied by unidentifiable officials, visiting what appears to be a spacious workshop in an unidentified location]

Wan Li Calls For Liberal Press Policies

HK2302140095 Hong Kong CHENG MING in Chinese
1 Feb 95 pp 18-20

[By Lo Ping (5012 0393) and Li Tzu-ching (7812 5261 0079): "Wan Li Favors Easing Press Controls"]

[FBIS Translated Text] The CPC will tighten ideological controls and "20 items on the press" aimed at strengthening media control will be unveiled. Wan Li gave his views on the CPC's current press work in two speeches—one in Beijing and the other in Shanghai—both in the second half of last year. His view was resisted by the CPC authorities, betraying a contest between two forces within the upper echelons of the party.

"20 Items on the Press" About To Be Unveiled

Since coming to power, the CPC has pursued a policy of tight press censorship in mainland China, depriving the people of their right to know. Nothing changed in press work when the Deng Xiaoping era, which billed itself an era of "reform and opening up," began in 1978. Even someone as liberal as Hu Yaobang favored a restrictive policy when it came to press work and was very angry with the situation of "news stories originating in China that were reimported into the mainland from the outside world," which in fact was a natural product of the absence of press freedom on mainland.

This was the reason why, during the 1989 pro-democracy movement, young students produced slogans demanding press freedom in addition to calls for striking down official speculation and weeding out corruption. The concerted efforts of some enlightened press workers and young students did bring a few days of "press freedom." But the "4 June" massacre snuffed out these few days' hard-won freedom. Hu Qili and Rui Xingwen, then in charge of ideology, were thrown out of office. Since then the CPC has exerted tighter control over press work and has shown no sign of easing up.

It was reported that the CPC would call a national propaganda work conference in Beijing in mid-January, 1995. It is understood that CPC policies will further "tighten up" this year. Strengthening control over the news media was reportedly the key agenda for this conference, which would issue "20 items on the press" aimed at increasing control over the press. Stricter administration and censorship would be applied to important news coverage and liaisons with overseas news media. The conference would reassert the bans on media and airwave joint ventures, and regulations barring foreign capital from newspaper ventures and the telecommunications industry.

The ban on airwaves reminds people of the State Council's recent repeated efforts to clamp down on satellite

television receiving equipment in mainland China and strictly forbids the viewing of satellite-relayed television programs.

A Dissenting Voice Within Upper Party Echelons on Press Policy

CPC rulers believe that strict press control has worked for them, although there is a dissenting voice within the upper echelons. The article entitled "Is the Climate in Beijing Going To Change?" published in the September 1994 edition of this journal reported on an address by Wan Li to a mid-July seminar attended by some Beijing propaganda, press, and culture cadres. Wan Li stressed in the address that communists should value truth and science and seek truth from facts. In certain matters bans do not work; they only cause negative reactions. A ruling party with a foundation, strength, and authority must have self-confidence and trust people's judgment. It would be dangerous if the CPC lost confidence and did not trust people's judgment.

Wan Li's Two Latest Speeches on Press Control

That address was made half a year ago. Since then, Wan Li has spoken twice—at a seminar with Beijing's propaganda, press, and publication cadres on the eve of National Day in 1994, and in a speech to responsible officials of JIEFANGJUN BAO, ZHEJIANG RIBAO, and XINHUA RIBAO while on a tour of Shanghai in early December 1994. The two speeches drew strong reactions from among the upper echelons of the party and media. Different versions of the two speeches circulated.

The following are summaries of Wan Li's two speeches. They came from the notes of those who attended the meetings.

"Let Voices of Different Strata Be Reflected in Newspapers"

On the eve of the 1994 National Day, Wan Li spoke at a seminar with Beijing's propaganda, press, and publication cadres:

Today I am speaking as a reader, an audience, and a veteran party member. I would like to present my personal views. Reforms in our party and government newspapers are too slow; there is not much change. China Central Television Station and China National Radio always churn out the same things. They invariably praise things positive, progressive, beautiful, and good. I think many of you here share the same feelings. This is not seeking truth from facts! While the functions of party and government newspapers lie in reporting on party and government policies and principles and the status of their implementation, they must also report on people's supervision, criticism, suggestions, opinions, and voices on the party and government. Ours is such a big country. How can the party and government pursue and solve so many important matters without people's media watch? Should party and government newspapers carry voices

and criticism from people of all strata against the Communist Party and government? No? Then who are these newspapers supposed to be read by? Who will be concerned with the performance of party and government? Some comrades are afraid that party and government newspapers might change in nature. What exactly is meant by change in nature? Promptly reporting social problems, problems reflected in party and government departments and cadres, and typical, serious, and big problems is the aim and duty of party and government newspapers. Even if you do not reflect people's voice and views, their voice and accusations will still circulate in society! By then what role can your newspapers possibly play? I have spoken with comrades in the propaganda and press sectors. The first step for reform in party and government newspapers is to reflect the voices of all sectors in their newspapers. They need not be afraid of being exploited. They should believe in the people's judgments. How can a communist party be afraid of the criticisms and accusations of its people when it is not afraid of hegemonism and Western sanctions! To make a newspaper dynamic and representative, it is necessary to carry the people's voice.

"Why Are Even Party and Government Cadres Unwilling To Subscribe to Party and Government Newspapers?"

At a seminar held in early December 1994 in Shanghai, Wan Li told the persons in charge of Shanghai's JIEFANGJUN BAO, Zhejiang's ZHEJIANG RIBAO, and Jiangsu's XINHUA RIBAO and the propaganda departments of Shanghai Municipality and Jiangsu and Zhejiang Provinces:

We need to have a direction and know for whom we are running a newspaper and magazine. Some comrades say that party and government newspapers are different. How are they different? If there is any difference, then as party and government newspapers they should cover more and serve people of all strata. The Communist Party is a ruling party that exercises power on behalf of the people of all strata. The government comprises representatives of the people of all strata! If this is not understood well, it will be hard to run a newspaper well. Why do party and government newspapers not have large circulations? Why are even party and government cadres unwilling to subscribe to their newspapers? Have you thought about this? Is it because they are trying to save the dozen yuan? I think it is mainly because the newspapers are boring, rigid, and formulaic. Comrade Xiaoping has said many times: This is too rigid. Who wants to read it? Newspapers should report good as well as bad news. There are too many off-limit zones, and restrictions are too tight. It is hard to change these old habits. Many cadres in propaganda and press departments worry about making mistakes and deviating from the official line; they have many concerns, cannot let go, and become hamstrung. How can they run a newspaper welcomed by readers of all strata? It is said that some party and government organs get fewer than five articles

contributed by readers and have to make visits to solicit articles. Why can they not publish the people's voice and views in party and government newspapers? Publication is the first step. Further, we must account for what we do within our duties. This is a power given us by the people. Why should we not grasp it and use it well?

"Party Newspapers Should Set Aside a Page for Views of Nonparty Personnel"

Wan Li continued: I once proposed that party and government newspapers set aside a page for opinions, views, and suggestions by nonparty people and members of democratic parties on the party, government, and policies, and another for readers of all strata. We talk of accepting supervision and facing up to criticism. In fact, we have little power of supervision and its functions are limited, otherwise corruption in party and government departments would not have become so widespread. I think many party and government cadres are actually afraid of and do not tolerate criticism. How can they still be called servants of the people? Where can you find a communist party and believer in materialism afraid of people's criticism? Some comrades worry that this might be exploited by foreign and domestic hostile forces. In fact, hostile forces have never stopped propaganda and subversive activities against China and communism. We must trust the broad masses of party members, cadres, and the people of all strata! There is nothing surprising even if a few articles carried by party and government newspapers attack and libel the party and government. The Communist Party cannot possibly be undermined by a few attacks! In reading critical articles, we should find out if they are true, partly false, or just gossip and libel. As a ruling party, the Communist Party must have this tolerance. A real materialist fears nothing. It does not indicate strength if a ruling party fears people's accusations and the exposure of its own mistakes and policy failures; it shows only a lack of confidence, and it is not open and above-board.

"The Party and Government Must Support Democratic Parties in Newspaper Ventures"

Wan Li said: It is a good thing that democratic parties want to run newspapers. The party and government should support them and allow them to run them without setting up guidelines and restrictions. Press censorship is necessary, but it must be based on state laws and relevant regulations. Otherwise, if newspapers are run much in the way they were during the Cultural Revolution—without laws and discipline—social order will suffer and civil rights will be infringed. I think RENMIN ZHENGXIE BAO [CPPCC NEWS] is rather hamstrung. This newspaper should establish its own style! It must propagate participation in debating and supervising political affairs! It will be a sign of progress for the state, social stability, and the authority of the ruling party if there are more voices, criticisms, and accusations by nonparty people against the party and government in party and government newspapers.

Wan Li said: It is necessary to resolve the problems of self-building, work style, responsibility, and the work ethic of press workers. Complaints from society in these areas are strong, and leading departments should be concerned about them, or else press work will take the path of money worship, which will destroy the whole press sector.

The Central Propaganda Department Instructs "Four No's" on Wan Li's Speeches

On 20 December 1994, the CPC Central Propaganda Department and Central Committee General Office instructed via telephone: One, understand Comrade Wan Li's speeches comprehensively; and do not take them out of context and change their themes. Two, there is to be no dissemination, discussion, or debate on Comrade Wan Li's speeches. They must not be carried in newspapers without authorization.

These two instructions show that the current CPC regime is extremely embarrassed and in an awkward position concerning Wan Li's speeches: It can neither agree nor disagree; nor can it object to them openly, though secretly the CPC is resisting them.

In fact, Wan Li is also a party member. His proposals and political opinions defend absolutely the interests of the Communist Party and are intended to consolidate the CPC's leadership. The difference is that the current CPC leaders are all short-sighted and can see only the present interests of the party; they are engaged only in short-term behavior, whereas Wan Li is a person of long-term vision and able to see far and think for the fundamental interests of the CPC.

Many in the press sector share the same view. Marchers during the 1989 pro-democracy movement included press workers who made known their demands for press freedom and opposition to telling lies. They were even more outspoken.

Regrettably, there are too many short-sighted leaders within the CPC upper echelons. They think only for present interests and are engaged in nothing but short-term behavior.

Wan Li's speeches to the press and the resistance put up by the leaders show two forces within the CPC upper echelons—a contest between weasels who are engaged in short-term behavior and those with vision who think of long-term interests.

It is hoped that the spirit of Wan Li's speeches will blossom in the press in the land of China as soon as possible.

Report on Leaders' Activities 14-23 Feb

OW2402053395

[FBIS Editorial Report] PRC media monitored by FBIS from 14 to 23 February carried the following reports on

PRC Central leadership activities. The source is noted in parentheses after each report.

Zou Jiahua Attends Sino-Japanese Contract Signing—Vice Premier Zou Jiahua of the State Council attended on 16 February the ceremony for signing a contract on establishing the Qinhuangdao Qianye Cement Company, a Sino-Japanese joint venture. (Beijing Central Television Program One Network in Mandarin 1100 GMT 17 Feb 95)

Jiang Chunyun Commends Advance in Greening—A meeting was held on 21 February in Beijing to commend advanced units and activists in greening the capital. Jiang Chunyun, member of the Political Bureau and Secretariat of the CPC Central Committee, said at the meeting: The spring season large-scale greening and afforestation campaign will soon be launched in Beijing. I hope party members, Beijing municipal government workers, service members, and residents of the capital will take positive action to accelerate the construction of Beijing into a park city and a world's first-class modern international city. (Beijing Central Television Program One Network in Mandarin 1100 GMT 21 Feb 95)

Ren Jianxin Commends Public Security Advanced Collectives—A national meeting was held in Beijing on 23 February to commend advanced collectives and heroic models of the public security front for their meritorious service. On behalf of the CPC Central Committee and State Council, Ren Jianxin, member of the CPC Central Committee Secretariat and secretary of the Central Commission on Politics and Law, expressed his respects for the advanced collectives and individuals and family members of martyrs of the public security front. (Beijing Central Television Program One Network in Mandarin 1100 GMT 23 Feb 95)

Li Peng Writes Inscription for Company Anniversary—China Beifang Industrial Corporation marks the 15th anniversary of its founding. Premier Li Peng of the State Council wrote the inscription "Reform and Open Up to Create a New Brilliance" to greet the occasion. Liu Huaqing, Rong Yiren, Zou Jiahua, Li Lanqing, and Qian Qichen also wrote inscriptions for the occasion. (Beijing XINHUA Domestic Service in Chinese 0459 GMT 20 Feb 95)

Wu Bangguo Attends Production Safety Experts Group Inauguration—A national group of production safety experts was inaugurated in Beijing today. The group, under the Ministry of Labor, comprises a railway section, a civil aviation section, a communication section, an explosion section, and a chemical engineering section. It will work to prevent all kinds of serious accidents from taking place. At the inaugural ceremony, Wu Bangguo, member of the Political Bureau and Secretariat of the CPC Central Committee, issued certificates of expertise to 72 members of the group. (Beijing XINHUA Domestic Service in Chinese 0855 GMT 20 Feb 95)

Li Tieying, Chen Xitong Greet Central Radio Announcer—A seminar on the radio broadcasting art of

Zhong Rui, a well-known announcer and a program host of the Central People's Radio Station, was held today at the auditorium of the Chinese People's Political Consultative Conference. Li Tieying, Chen Xitong, and Li Peiyao extended their greetings to Zhong Rui. Li Tieying praised Zhong Rui as "a friend of listeners and a diligent gardener". (Beijing XINHUA Domestic Service in Chinese 9231 GMT 22 Feb 95)

Huang Ju Greets Anniversary of Educational Television—Since it began broadcasting one year ago, the Shanghai Educational Television Station has been hailed by listeners for its colorful programs, fresh style, and warm service. Huang Ju, member of the CPC Central Committee Political Bureau, secretary of the Shanghai Municipal CPC Committee, and mayor of Shanghai, recently sent a message to greet the station's first anniversary. (Shanghai JIEFANG RIBAO in Chinese 14 Feb 95 p 3)

Demographers Comment on Population Control

OW2402112895 Beijing XINHUA in English 1037
GMT 24 Feb 95

[FBIS Transcribed Text] Beijing, February 24 (XINHUA)—The "CHINA POPULATION NEWS" carried articles Monday [20 February] by several noted demographic scholars on the population growth problem facing China, to mark the "1.2-Billion-Population Day", which fell February 15.

Tian Xueyuan, vice-president of the Demographic Society of China, called the day "a historic milestone that deserves to be remembered by everyone and to be considered seriously."

Tian said the rigid population control policy pursued by China since the 1970s has not only saved China the burden of supporting some 200 million people, but also played a key role in delaying the world's "Five-Billion-Population Day".

However, Tian said, China's 1.2 billion people still account for 21.4 percent of the world's population, while its territory of 9.6 million sq km takes up only 7.1 percent of the global total. China's population density is 125 persons per sq km, about three times the world's average of 41 persons per sq km.

To achieve zero population growth, Tian said, efforts should be focused on three aspects, controlling the total numbers, improving the physical and cultural quality of the people and regulating the age, sex and regional distribution of the population.

Tian called for new mechanisms to control the population, as the nation's growing economy tends to weaken the old administrative measures. He welcomed the authorities' new experiment linking family planning with rural economic development.

Tian urged the government to stick to its promise to achieve sustainable development in the agenda for the

21st century, which envisages a package solution to the population issue embracing resources, environment, economy and other development factors.

Wu Cangping, vice-president of the Family Planning Society of China, confirmed the necessity of commemorating the "1.2-Billion-Population-Day", as it tolled another warning bell for the nation.

Wu estimated that it would take China about half a century to achieve a zero population increase, as the inertia of the nation's huge present population and annual net increase of 14 million people will be difficult to slow down.

Though the nation's near-term development goal, i.e. to provide its people with a well-off life by the end of the century, is not impossible, Wu warned that any relaxation in population control would be a fatal mistake, as the nation's huge population, 30 million more than the total population of the developed world, could be a major threat to its long-term goal, i.e., to lift its people's living standards to those of an average developed nation.

Even more depressing is the fact that while the population of the developed world has already reached the stage of zero net increase, the Chinese population will not stop increasing until the mid-21st century.

In addition, the country's limitless labor supply is actually more of a burden than an asset, Wu said. China now has a labor force of 800 million, and this is expected to reach 900 or one billion in the next few decades.

Experts at the Ministry of Labor predict that in the next ten years China will have 210 million rural people and 68 million urban people waiting to be employed or re-employed.

Wu also criticized the sacrifice of resources and the environment for private gain, such as that manifested by the heavy-pollution rural industries, overgrazing of the grasslands and the sharp drop in the amount of farmland.

Zhang Mincai, permanent council member of the Demographic Society of China, analyzed in his article China's population situation in terms of grain production.

China's grain production saw its first big jump in the 1950s, during which time the nation's gross grain production increased from 163.9 billion kg in 1952 to more than 250 billion kg in 1958.

However, from 1958 to 1978 the production of cereals wavered between 280 billion kg and 300 billion kg. The amount of cereals per person never exceeded 250 kg per year in this period. Throughout the country, 250 million of the one billion population did not have enough to eat.

The reform which started in the late 1970s gave a great boost to cereals production. From 1979 to 1984 the country's cereals production rose by 17 billion kg a year.

In 1984 the country reported a cereals production of 409.2 billion kg, averaging 398 kg per person.

From 1984 to 1993, though there were ups and downs in the government's investment in and emphasis on agriculture, and the country's cereals production hit a record 456 billion kg in 1993, the per-person possession of cereals never again reached the level of 1984.

In the same period China reported an annual net cereals import of nine billion kg in five consecutive years, and cereal prices saw three drastic rises.

To sustain a well-off life, experts say, an annual 400 kg of cereals per person is essential. But even if the nation's gross cereals production could reach 5,00 billion kg by the year 2000, as the government hopes, the annual per capita possession of cereals would only be 384 kg.

Moreover, Zhang expressed worry about the country's shrinking and deteriorating farmland.

The country currently has some 100 million ha of farmland, averaging eight acres per person. In Guangdong, Fujian and Zhejiang provinces, the amount of farmland per person is a scant four acres.

What is more depressing is that the nation's farmland resources, scarce enough as they are, are being nibbled away every year. From 1958 to 1986 the nation's arable land decreased by 47,000 ha a year. In 1992 alone, 2,700 development zones took away 670,000 ha of land from farmers.

Besides, the area of eroded soil now amounts to 1.3 million sq km, accounting for 13.5 percent of the nation's total territory. And the area of eroded soil is expected to expand to 1.7 million sq km by the year 2000. The country loses five billion tons of soil every year.

Farmland threatened by desertification now amount to 1.53 million sq km, or 15.9 percent of the nation's total land area, and the figure will increase by 2,000 sq km a year over the next ten years, Zhang said.

Of the nation's some 100 million ha of farmland, only 30 percent is high-yielding farmland and the rest gives low or relatively yields, he noted.

Nation's Social Stability Affected by Economy

HK2402090195 Beijing ZHONGGUO XINWEN SHE
in Chinese 0833 GMT 15 Feb 95

[FBIS Translated Text] Beijing, 15 Feb (ZHONGGUO XINWEN SHE)—According to a recent sample survey, 84 percent of people hold that an excessive disparity in regional economic development will affect China's social stability.

The people surveyed were Central Party School students who are cadres at the department- or bureau-head level. To the question "What do you think is the worst possible result of an excessive disparity in regional economic

development?" the survey gives three answers: unfair social distribution; adversely affecting China's social stability; possible split of the country [she hui fen pei bu gong, ying xiang zhong guo di she hui wen ding, guo jia ke neng fen lie 4357 2585 0433 6792 0008 0361, 1758 0742 0022 0948 4104 4357 2585 4489 1353, 0948 1367 0668 5174 0433 5933].

According to a report by ZHONGGUO JINGJI SHIBAO [China Economic Times] sponsored by the State Council's Development Research Center, a research subject team led by Hu Angang, noted researcher of national conditions, is conducting an in-depth study into the issue of regional disparities. Many statistics in the study are shocking [ling ren zhen jing 0109 0086 7201 7528]. He said: The biggest disparity among China's provincial-level regions is as high as seven-to-eight-fold. The per-capita gross domestic product [GDP] of Shanghai was 7.4-fold that of Guizhou in 1991, rising to 8.4-fold in 1992. Among all provinces and regions, not including Beijing, Shanghai, and Tianjin, the three municipalities directly under the central government, the disparity between the richest province, Guangdong, and the poorest province, Guizhou, is more than three-fold.

Not only is the provincial-level regional disparity big, but the disparities within a province (region) are also quite substantial. The disparity in per-capita GDP between Guangdong's richest urban district, Zhuhai, and its poorest county, Heping, is 34-fold; that between Guizhou's richest and poorest localities is 13-fold. The per-capita GDP of Guangdong's richest urban district, Zhuhai, is 86-fold that of Guizhou's poorest county, Qinglong.

Hu Angang pointed out: Regional economic disparity is sure to have a serious effect [yan zhong ying xiang 0917 6850 1758 0742] on China's economic development and social stability. In 1988, the regional disparity in Yugoslavia before its disintegration was seven-to eight-fold. In comparison to China's condition, this should arouse the vigilance of the people concerned. As the Ninth Five-Year Plan is being deliberated this year, this is a good time to raise this issue.

Ministry: More Farmers Adopting Pension System

OW2402042695 Beijing XINHUA in English 0357
GMT 24 Feb 95

[FBIS Transcribed Text] Beijing, February 24 (XINHUA)—Some 50 million farmers in more than 1,100 cities and counties in China, no longer regarding their offspring as their sole support in old age, have taken to getting old-age insurance.

The old-age pension system is now available in 28 provinces, autonomous regions, and municipalities in China, according to the Ministry of Civil Affairs (MCA).

China has worked on reforming its old-age pension system since it adopted reform and open policies in the late 1970s, in an attempt to make coverage more widely available to more of its fast-aging population.

According to programs established by civil administration departments, old-age insurance fees are paid mainly by individual farmers and jointly financed by collective means, and have been well received by farmers, according to an official from the MCA. Those insured are rural residents from 18 to 60 years of age who can receive a pension when they are 60.

Statistics show that in Yantai city in east China's Shandong Province, 1.87 million farmers have taken out old-age insurance policies, giving coverage for 87.5 percent of Yantai's farmers from 18 to 60 years of age. In 159 townships in Shanghai's 10 districts and counties, more than 80,000 elderly persons now receive a pension every month.

An old-age pension fund management network has been set up in some provinces such as Fujian, Zhejiang, and Jiangsu.

State Standards Progress Toward International Norms

HK2302133395 Beijing CHINA DAILY in English 23 Feb 95 p 2

[By Ma Zhiping: "China Standards Move to International Norm"]

[FBIS Transcribed Text] China is making steady progress in bringing drafting of state standards in line with international norms.

By the end of last year, China had made more than 16,000 national standards. Of them, some 7,230 were adopted from international gauges.

The figure means that nearly half of the Chinese standards reached international levels.

The country has a total of 2,005 compulsory state standards, 12,000 trade standards and about 1,000 local standards on file, statistics from the State Technical Supervision Bureau (STSB) indicate. STSB is the governmental organ which oversees standardization work.

Last year, the government drafted and revised more than 1,400 state standards, about 30 percent of them adopted from international standards.

This year, the state bureau has selected 1,033 from 1,600 standard applications handed in by relevant central and local governmental departments as targets for official drafting and revision this year, said officials with the standardization administration.

They noted about 65 percent of the recommended 1,033 standards have taken on international standards.

The state bureau also has worked out a development plan on information technology standardization in a bid to help promote the nation's standardization of its economic information work.

It includes the drafting of more than 800 State standards and the detailed plans to put them into operation in the next three years.

The state bureau also has listed 30 research and study projects on the standardization of information technology and collected international data as reference for the research.

In addition, progress has been reported on standardization research on fuzzy technology and disc products. A special team of experts is preparing to set up a standardization system for TV with high clarity.

To greet the return of Hong Kong to China in 1997, the bureau has worked out a set of state standards on Chinese characters coding systems. This will provide a helpful guide in integrating Chinese character coding systems between the mainland and Hong Kong.

The bureau also has established guidelines to promote standardization work among industrial enterprises.

Under the principles, big enterprises are encouraged to adopt international standards in their production. One hundred large enterprises have volunteered to involve themselves in the country's standardization promotion drive.

Efforts have also been arranged to help establish a practical standard system for medium and small enterprises.

Official Urges Training More Young Writers

OW2302162795 Beijing XINHUA in English 1517 GMT 23 Feb 95

[FBIS Transcribed Text] Beijing, February 23 (XINHUA)—A senior Chinese official called today for the training of more young writers who will be qualified to produce socialist literary works.

Zhai Taifeng, deputy head of the Propaganda Department of the Chinese Communist Party Central Committee, told the Chinese Writers Association that the country will suffer from a serious lack of outstanding writers around the year 2000, if enough attention is not paid to the training of more young writers.

Zhai, who also oversees the work of the association, said that Chinese writers aged under 40 account for only eight percent of the institute's 5,000 members.

He asked the 46-year-old association to run special courses for young writers.

"Writers must follow the guideline of 'letting culture serve the people and socialism' and 'letting one hundred flowers bloom and one hundred schools of thought

contend," he said, adding that the training programs will lay a solid basis for the prosperity of socialist culture in the next century.

Writers should study the theory of building socialism with Chinese characteristics and the theory of the socialist market economy, as well as classical Marxist philosophy, he said.

A training plan is expected to be mapped out by the association this year, he said.

Science & Technology

Article Urges 'Cooling Down' of Information Fever

HK2102112895 Beijing RENMIN RIBAO in Chinese
18 Jan 95 p 11

[Article by He Zhaxiu (0149 - stc for second character "zha" unknown - 1652): "Propaganda on Information Superhighways Should Be Allowed To Cool Down"]

[FBIS Translated Text] Since U.S. President Clinton proposed building "information superhighways" in his country, all the developed countries around the world have echoed the proposal. Recently, some newspapers and journals in our country have been claiming that the "information society" or "information age" has come; some have been advocating that our country "should seize the opportunity... move forward by leaps and bounds"; some articles say our country has "an enormous demand pressure" and should "build a national information supernetwork covering the whole country" and that "it brooks no delay to start now to study, plan, and build an information supernetwork in our country" (note that it is not just one or two "highways" but a "network"). One article even stated: "Whether in consideration of the immediate demand or the strategy for future development, and whether in terms of market demand or in view of technical foundation, it is entirely necessary for us and we have the right conditions, to build our own information supernetwork.... Our country should strive to set up a preliminary national information supernetwork within 15 to 20 years to realize high-speed, wideband information transmission between all large and medium cities, open zones along the coasts, and economically developed regions.

Today, the 10-year investment plans proposed by various countries for building "information superhighways" are: the United States, \$150 billion; Europe, 900 billion francs; and the United Kingdom (only the size of a province in China), 38 billion pounds sterling. How much can our country invest? Even if our country "has the capital and technology" to set up a preliminary national information supernetwork which basically covers the whole country within "15 to 20 years," will we have enough information "warehouses" and "cargo flow" and will we have enough "drivers" "cruising [a

pun on the mainland—Chinese equivalent of Benz-Mercedes]" down the "superhighways" in their "cars?"

In the United States, the rate of universalization of telephone communications is as high as 93 percent but it is not even 3 percent in our country! In the United States, home computers are found in 31 percent of all households while there is no percentage to speak of regarding the popularity of home computers in our country. The total number of people who can use and understand home computer technology may well be below 10 million! From whence did the "enormous demand" for electronic communications come?

At the moment, there is an urgent need to standardize the computer technology for coding and operating the Chinese language. Popularizing computer technology when various standards coexist is hard to imagine. Twenty-one academicians have proposed building an E-mail line for scientific research, education, and physical culture to accumulate experience and converge with the international information network. This is rather more in conformity with the reality of our country because computers are more common in scientific research and educational sectors.

If our country could manage to build a low-speed optical communication network centering around universalizing telephone communications within 15 to 20 years, increasing the rate of universalization of telephone communication to 70 to 80 percent, it would be an enormous achievement. The propaganda on information superhighways should cool down. It is too far away from our national conditions.

Article Champions Information Superhighways

HK2102112595 Beijing RENMIN RIBAO in Chinese
18 Jan 95 p 11

[Article by Qian Liren (6929 2621 0088): "It Is Necessary To Make Factual Reports on Information Superhighways"]

[FBIS Translated Text] Editor's note: At present, opinion is still quite divided among experts and scholars on how we should look at and carry out propaganda on "information superhighways." This is a normal phenomenon. Published here today are excerpts of the articles written by He Zhaxiu [0149 (STC for second character "zha" unknown) 1652] and Qian Liren expressing their dissenting opinions. Our purpose is to help deepen our understanding of "information superhighways" through discussions on different viewpoints and promote the healthy development of the construction of the information infrastructure in our country. It is with the aim of helping to enliven academic studies that we shall pursue the "Double Hundred" principle, publish different opinions, and conduct debates. Contributions from the broad ranks of our readership are welcome. [end editor's note]

I had the pleasure of reading Professor He Zhaxiu's article entitled: "Propaganda on Information Superhighways Should Cool Down." I found myself agreeing with

him on the point that we should proceed in an orderly and gradual manner in light of the reality of our country, rather than copying the practices of developed countries indiscriminately. Here, I would like to offer my personal opinion as my contribution to the discussion.

1. In building our information infrastructure, at the beginning and in each stage of the orderly and gradual process, we should have a full understanding of the most advanced levels, the development trends, and the existing contradictions and difficulties in today's world, so that such efforts in our country can be closely integrated with our long-term goals from the very beginning. This is to avoid the detours which developed countries have inevitably gone through on their learning curve and, therefore, rather quickly narrow the gap between ourselves and developed countries.

For example, the United States is currently the most advanced country in the world in terms of overall development of information superhighways. It wishes to achieve the following goals within a relatively short time: To gradually integrate the transmission of voice, images, and data and to change the one-way transmission of information into two-way or multiple exchanges. The realization of these two goals will have a profound impact on production, scientific research, education, medical care, people's work and lifestyle, interpersonal relationship, and national security. However, even in the United States where telephones, television sets, and computers are very common, there are many contradictions and difficulties which they have to face in the process of achieving these two goals. For example, the lack of unity in the management system (current U.S. law sets strict boundaries on the operations of long-distance telephone networks, local telephone networks, and cable television networks which cannot be overstepped, with a view to preventing monopoly, but this has now caused a big conflict with the demands of the information superhighways); lack of obstruction-free traffic in the "intermediate sections" (the transmission capacity in the section between optic fiber trunk lines and users does not match the capacity of trunk lines, thus greatly inhibiting the potential of the trunk lines); lack of uniformity of technical standards (for example, while information superhighways require digital signals, some media are still using analog signals); the conflict of interests between the big companies and consortia concerned and the bearing capability of the more remote and poor regions; and so on and so forth. A large part of the investment required for building information superhighways in the United States is to be spent on solving the abovementioned problems.

The information infrastructure in our country has a low starting point. It is for this very reason that, if we keep our feet on solid ground from the very beginning while aiming at the advanced levels of the world and move steadily toward higher standards, we will probably be able to approach the requirement of "drawing the newest and most beautiful picture on a blank sheet of paper."

For example, as far as laying fiberoptic cables is concerned, if we: Consider not only the transmission of voice but also that of images and data from the very beginning; not only lay the trunk lines well but also make allowances or leave a matching leeway for the branch lines that lead to users as required by the future development of information superhighways, we will be able to avoid the numerous problems that the developed countries are now facing, thus accelerating the process of our country converging with international information networks and taking part in international cooperation and competition. I do not know whether or not our country has taken these issues into full consideration when building its information infrastructure. However, last summer, when I was participating in the inspection of cultural undertakings in some cities, I heard reports from some of those cities that different state departments had failed to cooperate and coordinate with each other in laying (or planning for) telephone fiberoptic cables and laying (or planning for) cable television cables. They said: Now they are doing it separately but, in the future they will all have to be dug up again to match them up anyway. I could not investigate this in depth at the time but, nevertheless, those comments more or less indicated that it is not only beneficial and harmless, but also necessary, to let our country's decisionmakers, implementors, engineering and technical specialists, scientific researchers, and actual operators (especially important the decisionmakers) fully understand the latest developments and existing problems of information infrastructure (known as information superhighways) in today's world and use them to our own benefit. If the media fail to produce factual reports on this it will mean they have not fulfilled their duty. The key here is factuality. If some reports contain lopsided views, the authors would be well advised to amend or correct them in a truthful manner.

2. Naturally, the modern information transmission technology has to go through a process from the low to the high ground. However this process mainly finds expression in the expansion of service regions and service objects, the increase in the number of services, and the increase in the sophistication of service technology. It does not primarily manifest itself as a process of evolving from low speed, to medium speed, and on to high speed. In other words, as long as a service is opened, it is high speed. For example, the "optical communication network focusing on universalizing telephone communication," once opened, can only be operating at a high speed. Therefore, I think that when we try to describe the orderly and gradual development of the information infrastructure in our country, we should avoid using such terms as "low-speed information highways" or "medium-speed information highways."

3. At the moment, there is a rather large demand for electronic information, at least in some production and research departments of our country. I personally know a senior engineer working on a military-industry-turned-civilian-production project in a remote

region away from the coastal areas. The unit used to be in the aircraft industry but is now manufacturing cars and auto parts and boasts solid expertise. Their auto parts are compatible with several imported cars but they urgently need to find out the latest technical specifications for these parts on the international market, so that their products can be renewed and updated in time to match the international standards. Such information neither belongs in the category of industrial secrets, nor is it anything to do with intellectual property rights. It could be quickly retrieved from an international business information computer network but, because we do not have an electronic information network which converges with the international network, there is no choice but to ask people to buy printed specifications abroad. When such material finally reaches the unit after going through all the procedures of application, approval, import declaration, foreign exchange procurement, and translation, it is usually two years after the specifications came on the market and, by that time, a new generation of products had come into being abroad. This engineer is one who hopes China's optical communications network will reach the remote regions far away from the coastal areas as soon as possible and converge with the international business information computer network. This will greatly improve the competitiveness of the unit's products on the international market. It does not matter if such things are called information superhighways or not. Such information networking has an immediate demand from many of our production and research departments. If we give prompt priority to the demand of such users in developing the information infrastructure, it will not only raise the utilization rate of facilities and promote the development of production and research but will also speed up the recovery of investment.

I do not specialize in the study of information technology but it is my deep feeling that the building of the information infrastructure has much relevance to our future competitiveness on the international market. I also think the long path which the developed countries have traveled, from the early information industry to today's information superhighway strategy, if handled appropriately, can be greatly shortened. That is why I have put down my thoughts on the limited aspects with which I have come into contact, to invite criticism and comments from brilliant minds.

Financial Computer Network To Improve

OW2402112095 Beijing XINHUA in English 1030
GMT 24 Feb 95

[FBIS Transcribed Text] Nanning, February 24 (XINHUA)—Overall priority will be given to the improvement of a modern satellite network in the national financial system of payment and liquidation, local sources revealed here today.

It is revealed that this network, which will be improved with aid from the World Bank, will cover 400 cities and 2,000 counties across the country.

It mainly comprises systems for inter-bank payment, state authorization documents and credit cards, registration of governmental debenture, as well as the management of financial information.

By now, the People's Bank of China has one main satellite ground station and 400 small ones, and has already supplied telecommunication equipment for 50 large or medium sized cities.

This year will see the beginning of all round improvement of this network.

Military & Public Security

Emulating Troops' 'Selfless Dedication' Urged

HK2302154495 Beijing RENMIN RIBAO in Chinese
11 Feb 95 p 1

[Commentator's article: "Carry Forward the Selfless Spirit of Dedication"]

[FBIS Translated Text] The long feature "The Stirring Song of the 'Sky-Scaling Road'—Profile of Automobile Transport Troops on the Xinjiang-Tibet Highway" represents the spirit of the automobile transport troops of the Xinjiang military district and sings the praises of the fighters' spirit of selfless dedication by citing some true and touching stories.

The Xinjiang-Tibet highway, built on the ridges of the Kunlun Mountains, passes through areas at an average high altitude of over 4,500 meters above the sea level. The road is steep and full of danger, the air is thin, and the weather is severely cold. It is on this highway passing through "no-man's land" that the automobile transport troops of the Xinjiang military district have driven to and fro for several decades, braving all kinds of hardships and difficulties. In the interests of national defense and the economic prosperity of the minority nationality areas, they have devoted their youth, and some of them have even sacrificed their lives. Their deep love for the motherland, their utter devotion to national defense, and their spirit of selfless dedication are worth being praised and learned by everyone.

The spirit of selfless dedication is our Army's glorious tradition and valuable spiritual wealth. It was this spirit of selfless dedication that supported our Army in fighting the enemy tenaciously and bravely during war time and won one victory after another. Today, during the period of socialist construction, our Army is also relying on this spirit, in playing an active role in socialist construction, bravely undertaking urgent, difficult, dangerous, and arduous tasks, and serving as an important force supporting socialist modernization, while making efforts to develop itself into revolutionary, modern, and regular troops.

The spirit of selfless dedication is also a traditional spirit of our party and the Chinese nation. In the process of socialist modernization we also need this spirit. For the

moment, we particularly need to promote this spirit, as reform is developing in depth in our country, the opening up process is expanding, the socialist market economy is gradually developing and being perfected, many problems need to be resolved, and many difficulties need to be overcome. Therefore, our cadres and the public are required to promote this spirit of selfless dedication, to adopt a correct outlook on life and values, to overcome the ideological influence of egoism and money worship, and to dedicate themselves selflessly, giving priority to the interests of the party and the state and taking the general interests into consideration.

Our times demand that we promote the spirit of selfless dedication. We not only needed this spirit in the past, but we also need it now and will continue to need it in the future. In the great practice of building socialism, our cadres and the public should uphold and carry forward the spirit of selfless dedication, work in each own's post conscientiously and in a down-to-earth manner, and make their own contributions to the economic take-off of the motherland and the prosperity of the Chinese nation.

Article Praises Xinjiang-Tibet Highway Troops

*HK2302153595 Beijing RENMIN RIBAO in Chinese
11 Feb 95 pp 1, 4*

[Article by staff reporter Zhai Qiyun (5049 0796 6663), XINHUA reporter Xu Jinzhang (5171 6855 4545), and XINHUA correspondents Yang Yuzhe (2799 3768 0772) and Kang Xinmin (1660 2450 3046): "The Stirring Song of the 'Sky-Scaling Road'—Profile of the Automobile Transport Troops on the Xinjiang-Tibet Highway"]

[FBIS Translated Text] The lofty Kunlun Mountains stand towering like a giant on the horizon.

The Xinjiang-Tibet highway zigzags through the Kunlun Mountains, going up and down on dangerous slopes and stretching to more than 1,500 km.

The automobile transport units of the Xinjiang military district who drive all year round on this "sky-scaling road" at an average altitude of 4,500 meters above sea level have to survive tough conditions—thin air, severe cold, hunger, and loneliness. They are devoting themselves to defending the motherland and to the prosperity of Tibet, scoring victories along the "sky-scaling road."

The Kunlun Mountains serve as a yardstick for measuring a person's willpower and endurance and a barrier to stop him from advancing. Those without the guts of a man must not come to the mountains.

Yes, it is true that the air is thin on the high mountains, and the temperature may drop as low as minus 40-50 degrees Celsius. For each trip through the Kunlun Mountains, you have to drive up and down more than a dozen vast and long slopes heavily covered by snow, cross dozens of glaciers, and travel some 1,000 km through

deserted lands. The journey, with steep slopes and dangerous highways throughout, is extremely thrilling indeed. An individual trader from the eastern part of the country who had learned that furs were cheap in Ngari of Tibet caught a lift on an Army truck entering the mountains. He could not stand the thin air and the steep and dangerous highways. He was so frightened that he took another Army truck returning home after he had gone only halfway. He said he would never come again to endure the hardships, even if there was gold bullion waiting for him to collect.

However, our automobile transport troops are not afraid of danger and difficulty. They drive in the Kunlun Mountains all year round.

Li Guocun, deputy commander of a certain automobile regiment, has been working year after year along this weather-beaten transport line. He has endured numerous hardships and dangers. The most unforgettable experience he had was a thrilling occasion in the summer of 1992. He was leading his automobile transport team carrying building materials and passing through the mountain area. When they arrived at the foot of the Jie Shan after climbing up and down several vast ice-covered slopes, the bright sky suddenly turned dark. Li knew a wind and snow storm was about to come very soon. He lost no time in ordering his fellow drivers behind him to accelerate. All the trucks roared and climbed up the hill. No sooner had they gone halfway up the hill than the snow storm struck them. Hailstones as big as soybeans dropped on the roofs of the trucks, causing a great noise. The wiper on his truck was frozen to the windshield. Li Guocun forced open a side door and leaned out of the truck, commanding the motorcade to move ahead. When they arrived at a dangerous highway section, Li and several soldiers braved the snow storm, and marched on the highway covered by snow 70-80 centimeters thick, leading the motorcade forward. The trucks followed them, slowly driving up the ice-covered slope. They finally delivered the building materials to the border defense units on time and thus met the urgent needs of the national defense construction work.

Last May, the same automobile transport regiment was sent on another mission to the Kunlun Mountains. Zheng Manren, the deputy commander of the regiment, who was in charge of the mission, stayed in the first truck. Because of the thin air at the high altitude, he got a headache, felt sick, and vomited, and his face swelled up like a loaf of bread. His men were very anxious about him and advised him to return home. "If I leave, then who will be in charge of the team?" he asked. So he turned down their suggestion. When the motorcade arrived at Kudi Slope at an altitude of 5000 meters, Zheng Manren suddenly noticed that rocks and loose soil were about to fall from a slope ahead. "Halt!" he shouted. All the trucks immediately stopped. At this very moment, the rocks and soil fell in front of the trucks, producing an earthshaking sound and piling up like a little hill. What a close shave! He jumped off the truck,

picked up a shovel, and began to clear the road. The motorcade reached the top of the mountain at last.

There are endless roads and numerous slopes in the Kunlun Mountains. Do not attempt to scale the mountains if you cannot endure hunger and cold.

Tempered in the ice-locked Kunlun Mountains, the automobile transport troops with iron-clad determination have displayed the spirit of servicemen of the new generation. They are devoting themselves to defending the motherland, and some of them have even sacrificed their lives. Tan Xiaoming is a name known to every member of a certain automobile transport company. Soon after he joined the military service, the little 18-year-old fighter was sent on a mission to the Kunlun Mountains with a motorcade. When they arrived at "Dead Men's Valley" at the foot of the Jie Shan, they were hit by a snow storm. The snow on the road was as deep as 70-80 cm, and the trucks could not move. Tan Xiaoming took the lead in shoveling the snow and ice. Despite the bitter cold, he worked very hard for 55 hours nonstop. Because of severe cold and the thin air, he contracted influenza, which later developed into pulmonary emphysema. In the end, he sacrificed his life in the Kunlun Mountains.

Yecheng, at the foot of the Kunlun Mountains, is the starting point of the Xinjiang-Tibet highway. There is a graveyard, covering 200 square kilometers or more, near the first milestone of the highway. Buried in half of the several hundred tombs amid the reeds and bushes are automobile transport servicemen who have sacrificed their lives in the Kunlun Mountains.

These reporters interviewed two drivers, Cui Jianguo and Zhao Xinpeng, of a certain automobile transport regiment.

On 18 June last year, Cui Jianguo and Zhao Xinpeng were on a transport mission to Gerze County of Tibet with their motorcade. On their way home they got lost in the Gobi Desert. Their truck ran out of gasoline after driving for approximately 70 kilometers. They were trapped in the middle of an immense uninhabited desert, several hundred miles away from the human world. During the day they walked around trying to find their way out; at night they slept in the truck's cab. When they were thirsty, they drank the water stored in the radiator. As they had nothing to eat, they were starving. Finally they found a basketball on the truck. They cut it into small pieces, cooked them, and ate them. In this way they sustained their lives for four days and nights. When their fellow soldiers found them, they were unconscious, holding the remaining one-third of the basketball in their arms.

There are so many touching stories along the Xinjiang-Tibet highway. One night, a Jiefang-brand truck was

trapped in the depths of the Kunlun Mountains by an unexpected snowfall. On the truck was an automobile transport soldier of Uygur nationality called Aili and two officers. They were trapped there on their way home after delivering winter supplies to the border outposts. At a storm shelter they built up a thick snow wall to protect themselves against the wind. They quietly waited for their fellow soldiers to rescue them. During the three days of waiting, all the three of them had to eat was a small piece of dried beef the size of a fist. As they thought they had no hope of being rescued, they jointly wrote their last letter before death: "We are three ordinary automobile transport soldiers. The severe cold can deprive us of our lives, but not of our willpower. Now we sacrifice our lives to national defense. We feel no regret and have no qualms..."

In the end, they were rescued. But from their letter people can see the lofty spirit of our automobile transport troops.

The Kunlun Mountains are a piece of magnificent jade of China, and a sword guarding China's borders. The hearts of the automobile transport troops in the Kunlun Mountains are linked to ours.

Although old men are replaced by new ones year after year, automobile transport soldiers transferred to elsewhere have all left their hearts in the Kunlun Mountains.

Su Jiarong, the political commissar of a certain regiment, joined the military service more than 20 years ago. He has been working in the Kunlun Mountains for more than 20 years, and he has been to every corner of the mountains. His wife, weak and constantly in poor health, lives at the regiment headquarters several thousand miles from where he works. In last July, when he was out on a mission in the mountains, his wife was so sick that she suffered from shock twice after massive bleeding. She would have almost died if her neighbors had not found her and taken her to a hospital.

He Zeping, the political instructor of the ninth company, got married 10 years ago. His wife came to visit him every year. During her short stay with him, however, he still needed to be out on training or transport missions. So the couple had only several days together every year. Thus his wife never got pregnant, and his old mother was very anxious about this. In July of the year before last, his wife came from their home in Sichuan to visit him in his barrack. Unfortunately He Zeping was out on a mission when she arrived. Two weeks later the husband returned. The couple had only three days together before he was sent out on a mission again. On the day he left, she came out very early and stood on the side of the road seeing her husband's motorcade off. And then she returned to their lovers' nest, which was still warm, staying there for another long time longing for the chance to become a mother.

In the Yecheng headquarters of the automobile transport troops, the wedding of specialized sergeant Li Quanzhen and Wang Aiqin was being celebrated in a joyful atmosphere. The door and windows of the bridal chamber were all laminated with paperboard and plastic sheets, and two single beds were put together to make a double

one. The political instructor who presided over the wedding asked the bride to "disclose her secrets of love." The bride, in a shy but determined voice, answered in the Henan dialect: "He loves Kunlun and I love him!" Her answer immediately aroused a warm applause from all the soldiers present at the wedding.

General

Wu Bangguo Attends National Enterprise Meeting

OW2402095895 Beijing XINHUA Domestic Service in Chinese 1031 GMT 22 Feb 95

[By RENMIN RIBAO reporter Mo Xinyuan (5459 2450 0337) and XINHUA reporter He Jingsong (6320 0513 2646)]

[FBIS Translated Text] Beijing, 22 Feb (XINHUA)—The national conference on enterprise management closed in Beijing today. At the meeting, Wu Bangguo, member of the CPC Central Committee Secretariat, said: For medium- and large-sized state-owned enterprises, the top priority at present and in future would be deepening the reform, tightening management, and vigorously improving economic growth in terms of quantity and quality.

Li Peng, premier of the State Council, sent a letter of congratulation to the meeting to hail its victorious conclusion. The letter read: "State-owned enterprises, which are the pillars of the national economy, have contributed greatly to our country's economic development, reform, and opening up. Our country boasts of a group of very active and efficient state-owned enterprises with good standing in the domestic and foreign markets. They have illustrated to us that state-owned enterprises can operate well. A number of state-owned enterprises are still plagued by difficulties and problems due to a multitude of reasons. Reform is the way to improve these state-owned enterprises. I hope state-owned enterprises will break new paths for improving themselves by establishing a modern enterprise system, transforming operating mechanisms, augmenting leading bodies, cultivating market concepts, enhancing the sense of competition, tightening internal management, relying on technological progress, and improving economic efficiency."

During the meeting, Zhu Rongji, vice premier of the State Council, held discussions with some representatives to the meeting. He heard reports and opinions from responsible persons of seven enterprises: Hangzhou Iron and Steel Company Group, Wuxi Xiaotian Limited Liability Stock Company, Jilin Chemical Fiber Limited Liability Stock Company, Handan Iron and Steel Works, Haier Group Company, Shanghai Corduroy Factory, and Gunzhou Mining Bureau. He also delivered an important speech.

At the meeting, Wu Bangguo pointed out: Besides being the foundation of all other tasks, the job of tightening enterprise management is also a major aspect of deepening enterprise reform, as well as an important measure in implementing the guidelines of the central economic work conference. We should tighten enterprise management while deepening the reform. No mechanism should be left unmanaged, and no management should be

without a mechanism. The achievements of reform should be regulated and consolidated through management, and a solid foundation in management is prerequisite to deepening the reform of enterprises. The masses are at present most concerned about inflation, which is borne of deep-seated factors that are related to failure to achieve enterprise reform, poor enterprise management and administration, and low efficiency in enterprises.

Wu Bangguo said: There is great practical significance in emphasizing tighter management of enterprises right now. This is because quite a number of comrades in party and government organs as well as enterprises have overlooked enterprise management, and held lopsided views on this matter. These are the main features of the phenomenon: First, in the process of enterprise reform, too much attention has been paid on the issue of "ownership, shares, and corporations" to the neglect of enterprise management. The modern enterprise system consists of four aspects—"clearly defined property rights, clearly defined rights and responsibilities of enterprises, separation of government administration and enterprise management, and the establishment of scientific management"—which should be fully, perfectly, and accurately understood, and implemented comprehensively. Clearly defined property rights are a major aspect of enterprise reform, but we cannot improve enterprises nor establish a modern enterprise system by relying solely on "clearly defined property rights." Second, external macro-factors have often overshadowed management-related issues in enterprises. Improvement in the external environment cannot supplant jobs done by the enterprises themselves, nor the internal management of enterprises. A survey conducted in 1993 by relevant departments on more than 2000 loss-making state-owned enterprises showed that around two thirds of the losses stemmed from poor management and administration. Third, some enterprises have attached importance to external explorations but neglected their internal management. On the outside, these enterprises appear to fare well, but their internal management is chaotic, their product management shaky, production-related accidents frequently occur there, they face serious losses of assets, and discipline among their workers is lax.

On the issue of adopting measures to vigorously tighten enterprise management and administration, Wu Bangguo said emphatically: Becoming market oriented is the top-priority task of enterprises in tightening management and administration. Enterprises should set guiding principles for management that center around the management of funds, and focus on clearing default on debt payments between themselves when managing funds in the near future. They should also regard the issue of surplus workers as an important task in tightening management and administration.

Wu Bangguo said with particular emphasis: We should improve and strengthen leading bodies in enterprises, and nurture and train a contingent of entrepreneurs who could meet the demands of a socialist market economy.

He said: Leading bodies, whose cores consist of heads of enterprises, are crucial to the success of enterprise operations. Under a generally uniform macro-environment, the quality of enterprise leaders, and the extent of cooperation and unity demonstrated by leading bodies, are decisive factors that dictate whether enterprises make profits or losses. Improvement in the external environment cannot supplant the roles of leading bodies. We should increase our understanding of the important roles played by entrepreneurs in constructing a socialist market economy, and nurture and train a mighty contingent of professional entrepreneurs who know the socialist market economy.

Beijing Mayor Views Expansion of Market System

OW2402033295 Beijing XINHUA in English 0227
GMT 24 Feb 95

[FBIS Transcribed Text] Beijing, February 24 (XINHUA)—Beijing is to further expand its market systems this year to help the establishment of market economic structure, according to Mayor Li Qiyang.

In his municipal government work report delivered at the ongoing municipal people's congress, the mayor said that Beijing will cultivate financial, labor, real estate, information and technical market systems this year as well as commodities markets.

"We will enhance the construction of various market systems and services so that a better environment will be created for all economic sectors such as state-owned, collectively-owned, private and foreign-funded enterprises," he said.

Over the past few years Beijing has established a number of large exchange markets. Trading in general merchandise, meat, securities and technological items has surged steadily.

Beijing now has more than 1,200 market places, trading centers and intermediary services, the mayor said, adding that more market places and exchanges and services connected with commodity auctioning, vegetables, fruits and flowers will be established this year.

In addition, he said, the management of existing markets will be upgraded.

Labor Official Comments on Tackling Unemployment

HK2402103895 Beijing LIAOWANG Chinese No 3, 16
Jan 95 pp 22-23

[Interview with Zhang Xiaojian, director of Ministry of Labor Employment Department by unnamed reporter: "State Will Take Five Measures To Lessen Pressure of Unemployment"; date, place not given]

[FBIS Translated Text] LIAOWANG: What counter-measures is our government going to draw up to tackle the issue of labor employment for the coming several years?

Zhang Xiaojian: In the light of the country's new employment situation, and on the basis of conscientiously summarizing our own experiences and drawing on the successful experiences of foreign countries, we have defined new tasks and put forward new targets for the coming years. Our new tasks are to: Deepen reform and speed up the formation of a new labor market mechanism; promote economic development and focus our efforts on the development of diverse collective economic sectors and tertiary industries, with a view to creating more jobs; maintain the stability of the society; and to strive to solve sticky and prominent employment problems in both the urban and rural areas such as "unemployment" and the "migration tides of rural laborers." By so doing, we hope to effectively bring the unemployment rate under control, and enable the work of labor employment to play its positive role in promoting reform, maintaining the overall stability of the society, and stepping up the economic construction of the country.

The following are our concrete targets: During the Ninth Five-Year Plan we will strive to maintain the urban employment rate above 90 percent; control the unemployment down to around 5 percent; reduce the partial-employment rate to 5 percent; and solve, to some extent, the problem of long-term jobless and groups of people who are having difficulty in finding new employment. In rural areas, our goal is to control the growth rate of rural surplus labor transferred to nonagricultural sectors at around 10 percent.

LIAOWANG: Could you please tell us what concrete measures the state will take in order to attain these goals?

Zhang Xiaojian: Yes. We have worked out the following five measures:

The first is to improve the unemployment insurance system and engage ourselves in a "re-employment project." In the future, we will gradually set up an unemployment insurance system, the compulsory implementation of which will be legitimized by the state and under which "all workers and staff are covered; charges are reasonably shared by the state, units, and individuals; and unemployment relief is closely integrated with re-employment." Meanwhile, we will also give full rein to the roles played by the unemployment insurance in ensuring the basic lives of and helping the unemployed to get new jobs; make use of various service means, such as job recommendation, vocational guidance, career training, and self-relief through production; and work out a series of corresponding support policies, with a view to promoting the re-employment of long-term unemployed workers and staff. In 1994, we conducted experiments with the "re-employment project" in 30 cities, through which we acquainted ourselves with the

basic situation of long-term jobless and groups having difficulty in finding new employment, explored various ways and methods for promoting re-employment, and successfully helped a number of long-term unemployed find second jobs. In 1995, we will sum up and vigorously spread our experiences gained from these experiments and gradually establish a permanent system in China's employment market which can assist those groups who have difficulty in finding new jobs.

The second measure is to engage ourselves in "the project of facilitating an orderly transregional flow of rural labor," under which rural laborers are allowed to transfer and migrate to other parts of the country but only in a planned and orderly way. Efforts will be taken to expand the experiments with the exploration and employment of the rural labor force and provide guidance for a rational transfer and orderly flow of rural surplus labor. Starting with moves to strengthen guidance and management services, we will set up bodies and legal channels in labor-output areas in order to organize rural laborers into finding jobs in places other than their hometowns; introduce new market rules and management systems in large and medium cities for the employment of laborers coming from rural areas; improve services provided for the entire process of transregional flows of rural labor; and step up the building of regional labor markets and transprovincial labor coordination, introduce a system for the management of migrant workers, and gradually achieve the goal of "offering information guidance, facilitating an orderly flow, introducing licensed management, and providing integral coordinated services." At the same time, we will also pay attention to conducting experiments with the exploration of rural labor forces, bring the work of rural employment into line with the entire cultivation and development of the labor market, draw up overall plans to coordinate rural employment with urban employment, open more employment channels in rural areas, improve the rural employment service network, enhance the quality of laborers, and create conditions for rural areas to enable them to absorb most of the rural labor in the neighborhood.

The third measure is to set up an unemployment forecast and early warning system. Efforts will be taken to strengthen supervision and control over the labor market and keep abreast of the latest supply-demand situation concerning labor resources and the labor market; a warning limit will be set in light of the unemployment rate, the proportion of the long-term jobless, the partial-employment rate, and other related social and economic indexes. We will install an early warning system which can send timely alarms to the government, relevant departments, and the entire society when the unemployment rate is detected as approaching or reaching the warning line and establish a mechanism and draw up plans for enforcing unemployment control and regulation, coordinate the work of all the departments concerned, and implement the system under which each department is responsible for attaining its own given objectives.

The fourth measure is to push forward economic development, create more new jobs, and expand the quantity of employment. To expand the size and quantity of employment, steps will be taken to: Integrate the development of collective economies with tertiary industries; take both traditional and newly emerged tertiary industries as our guide; and, basing on small-scale labor employment service enterprises as well as on new-type collective economies run by urban districts and neighborhoods, by nongovernmental sectors, and by townships and towns, nurture the development of privately run, individually run, and solely foreign-owned economies as well as related industries and trades. Meanwhile, through labor departments, we will also provide more employment services for collective economies and tertiary industries by means of job recommendation, vocational training, and unemployment insurance. Besides, efforts will be taken to establish links with international labor markets in order to open more channels for employment outside China and to offer more employment opportunities in more fields by creating jobs in various flexible forms such as part-time, temporary, and hourly-paid jobs as well as jobs with flexible work schedules.

The fifth measure is to step up the comprehensive development of the employment system and the employment service understanding with an aim to give shape to a new labor market mechanism. It is our development orientation, proceeding from a full use and rational allocation of labor resources and with an aim to attain full employment, to give shape to a new employment setup which, operated under the macrocontrol and regulation of the state, can bring about a well-coordinated development to urban and rural areas, offer two-way choices to both employers and employees, regulate the supply and demand of the labor market, and provide social services of various kinds. To attain this goal we should first, bring all urban labor resources into the market while creating ways to enable rural labor resources to gradually enter the market; second, we should set up a new pattern for the regulation and optimum allocation of labor resources and establish a mechanism which allows two-way choices and rational flows, giving autonomy to enterprises to select their own staff and to laborers to choose their own careers. The building of the labor market is mainly based on employment services. Therefore, we should: Gradually set up a job recommendation network which can cover and provide integral coordinated services for all urban and rural employer-units and all job-seekers and which is run mainly by labor departments and assisted by different social sectors; develop and improve networks for vocational training, focus our attention on the training of unemployed and surplus enterprise workers and staff and of rural surplus laborers, and encourage, support, and standardize all social sectors to provide vocational and career training; pay close attention to the formulation of new unemployment insurance procedures which

cover all workers and staff in township and town enterprises of all kinds, to enable such enterprises to play their positive roles in deepening reform; and accelerate the reform of labor service enterprises, enhance their economic returns, and increase their ability to take in more unemployed and surplus workers and staff by experimenting with the joint-stock system and the wage earnings distribution system.

Article Faults Using Inflation To Stimulate Economy

HK2302040995 Beijing RENMIN RIBAO in Chinese
20 Feb 95 p 1

[By staff reporter Li Jianxing (2621 1696 5281):
"Quenching a Thirst With Poison Is Not Allowed—First
Comment on Curbing Inflation"]

[FBIS Translated Text] The inflation situation is desperate. The party Central Committee and the State Council have looked on this as a serious problem. The central economic work conference held late last year decided to make firmly curbing inflation the most important task for 1995 economic work, regarding the task as the key to correctly handling the relationships among reform, development, and stability.

Some comrades have failed to acquire a clear understanding of the harm done by inflation, and even have argued that inflation could stimulate economic development. People with breath of vision have refuted this argument, maintaining that to promote economic development by introducing inflation is no different from quenching a thirst with poison.

The harm done by inflation to the economy mainly finds expression in two ways: 1) Distorting the economy, and 2) Bringing about unfair income redistribution.

Let us first look at the former ramification. Inflation gives false pricing signals. When there is runaway inflation, prices rise sharply, making it difficult for us to accurately detect the actual supply and demand situation in the market. False pricing signals put producers and operators at a loss concerning what they should do, and make it hard for the market to effectively play its role in the allocation of resources. During inflation, not all commodity prices change at the same rate; some change rapidly, while others move slowly, resulting in distorted relative prices. Uneven price increases lead to uneven profit distribution between various production sectors and enterprises, and to an imbalance between wealth and income redistribution, thus causing some rare resources in the economy to transfer to non-productive areas, which leads to waste. On the other hand, some production sectors expand suddenly, while others increasingly shrink. Excessive inflation also makes the overall economic environment changeable, and enterprise operators lose faith in future production, which results in short-sighted production plans. During inflation, businessmen hoard many commodities, and artificially

aggravate the contradictions between supply and demand. This seller's market also encourages enterprises to make shoddy goods, and workmen to provide poor service. Consequently, people do not engage in production in a down-to-earth manner, but are keen on speculation. Under such abnormal circumstances, how can the economy grow in a healthy way?

Now let us turn to the unfair income distribution brought about by inflation. Inflation results in currency depreciation, which means a covert exploitation of the broad masses of people. Inflation during the American Civil War was once described this way: "In the past, we put money in our pockets when going shopping, and put the food we bought in a basket when returning home. Now we put the money in a basket and the food in our pockets." Neither will the Chinese people ever forget the inflation in old China, when people put their "gold yuan" notes in gunnysacks when going shopping. Since China is now a socialist country, inflation can never be allowed to pick the masses' pockets. Inflation does not have the same impact on everyone's incomes, so it will lead to unfair income redistribution between different social strata. Things show that the current inflation has affected the lives of the people in poor areas, people with low income, retired workers and cadres, and the workers and staff members of enterprises in difficulties. Inflation serves to intensify social contradictions, and affects social stability. How can the economy grow rapidly without a stable social environment?

If you say that some economically developed countries have promoted economic development by introducing inflation, you must be clear that they did so on the condition of overcapacity. In China, however, the productive forces in many fields—such as grain, energy, and transportation—are far from fully developed. If we were to stimulate economic growth by introducing inflation under such circumstances, the gap between demand and supply would certainly be further widened, and prices would go up by a wide margin owing to the short supply of goods. Those countries that have promoted economic development through inflation now are enduring untold sufferings from stagflation, which makes it impossible to boost economic growth or cool down inflation. A study by economists of the data from 94 countries reveals that inflation runs counter to sustained rapid economic growth. In the present world, every country invariably treats inflation as the number one economic enemy.

A world famous economist has likened inflation to a human disease, so how can we stimulate physical growth by bringing in a disease?!

Economic-Trade Official Views Legal Economic Operation

SK2302143895 Beijing XINHUA Domestic Service in Chinese 1407 GMT 20 Feb 95

[By reporter Xin Minghua (6580 2494 5478)]

[FBIS Translated Text] Changchun, 20 February (XINHUA)—At the national work conference on laws and regulations for the economic and trade front, which concluded on 18 February, Chen Qingtai, vice minister of economy and trade, pointed out: In actually conducting economic work, by having governmental departments conduct their administrative work in line with the law, and by having enterprises conduct their production and business in line with the law, only then can we form a benign cycle in the national economy; foster a competitive mechanism in good order; realize the optimized allocation of social resources; and establish a socialist market economy.

He pointed out: The modern market economy is also a credit economy. Credit relations and orders among enterprises should be maintained and protected by laws. One of the important reasons for enterprises to be puzzled by the "debt chain," to violate contracts and agreements at will, and to engage in the transaction of fake and shoddy commodities, is the lack of credit relations strictly standardized by the law for enterprises and that enterprises still are unable to carry out their production and business by strictly abiding by the law.

Chen Qingtai urged departments in charge of economic and trade work at all levels to do a good job in realistically grasping the tasks concerning economic laws and regulations this year by following the center of economic work. He also urged them to apply legal methods to improve the environment for economic operations and to expedite the pilot work of deepening reform among enterprises and of establishing modern enterprise systems. Currently, they should mainly and earnestly implement the "Company Law," the "Enterprise Law," the "Labor Affairs Law," the "Regulations on Achieving a Favorable Turn," the "Regulations on Supervision and Management," the "General Rules on Enterprise Finance," and the "Criteria on Enterprise Accounting." Meanwhile, they should also firmly grasp the study and formulation of ten-odd auxiliary regulations for the joint operation of conducting experimental reform among state-owned enterprises. He also urged the broad masses of cadres on the economic and trade front to refrain from again adopting the old method of direct interference when conducting guidance over enterprise reform; to expedite enterprise reform by formulating or enforcing new laws as well as regulations and rules; and to establish or improve modern enterprise systems.

Economic Efficiency Improves 'Slightly' in '94
OW2402082495 Beijing XINHUA in English 0731
GMT 24 Feb 95

[FBIS Transcribed Text] Beijing, February 24 (XINHUA)—China saw the economic efficiency of its industries improve slightly last year, according to an official report released today.

The comprehensive index of economic efficiency for Chinese industry in 1994 was 96.99, up 0.38 percentage

points over that of 1993, said a report released jointly by the State Statistics Bureau, the State Planning Commission, and the State Economic and Trade Commission.

The report says that China's industry last year displayed a high growth rate in industrial production and statistics show industrial output amounted to 1.83 trillion yuan, an increase of 18 percent over the 1993 figure.

The rate of money-losing industrial enterprises fell during the same period. By the end of the year the rate of the enterprises on the verge of failure had fallen to 20.3 percent compared with 26 percent at the beginning of the year.

The number of state-owned enterprises showing a loss at the end of the year dropped to 33 percent from 45 percent.

The report said that large and medium-sized enterprises took the lead in economic efficiency. According to statistics, the comprehensive index for large and medium-sized enterprises was 107.7, some 10.7 percentage points higher than the state average.

The economic efficiency in the well-developed coastal areas was higher than that in the inland areas, especially in the western part of the country.

The report admitted that some drawbacks still existed in industrial operation in China last year, noting that the unsatisfactory comprehensive economic efficiency on the whole and low capital use rate were two of the most serious.

Economy Continues on Fast Track in January '95
HK2402091095 Beijing CHINA DAILY in English 24
Feb 95 p 1

[By Wu Yunhe: "Economy on Right Track in January"]

[FBIS Transcribed Text] The national economy continued to move on a fast track in the first month of 1995, but inflation still remained high, the State Statistics Bureau said yesterday.

In a monthly report released yesterday, the bureau noted improved economic efficiency of industrial enterprises and tightened control on fixed assets investment have worked to curb mounting inflation.

In January, the national inflation rate stood at 21.2 per cent, down 2 per cent from last December. This compared with the 25 per cent recorded in last November, when inflation hit its peak in China.

Total retail sales last month reached 160.2 billion yuan (\$19 billion) nationwide, actually up 10.8 per cent after taking inflation into account.

Consumers' buying strength in the urban areas was stronger than in rural areas, the bureau said.

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Urban retail sales chalked up a year-on-year growth of 14.5 per cent allowing for inflation last month, while that in rural areas only increased by 5.9 per cent.

Foreign trade by Chinese enterprises also showed favourable progress, with a surplus of \$2.7 billion in January.

China's exports amounted to \$9.2 billion last month, up 88.3 per cent from the same period of 1994. The country also bought \$6.5 billion worth of goods from abroad, up 13.7 per cent.

But, the harmonized development of domestic and foreign trade did not mean it could completely assuage officials' worry about chronic inflationary pressure, observers say.

Bureau figures show that last month the annual growth of retail prices was 21.2 per cent, a drop of 2 percentage points from the yearly growth registered in December of last year.

The consumer price index, which includes the service rate, chalked up a year-on-year growth of 24.1 per cent in January, down 1.4 percentage points from the growth rate in December last year.

Main factors stirring the price growth in the country were the side-effects of last year's price reform and other problems in the national economy such as a setback in farm production and deficits incurred by industrial firms, the bureau said.

In January, inflation in the country's rural market was 24 per cent, 4.9 percentage points higher than that in the cities.

Driven by the buoyant domestic market, industrial production grew at an annual rate of 11.4 per cent last month, despite the Spring Festival holidays.

The incremental output value of Chinese industry totalled 123.7 billion yuan (\$14.7 billion) in January, the bureau said.

Metallurgical Industry Improves Management

OW2302102395 Beijing XINHUA Domestic Service in Chinese 0948 GMT 21 Feb 95

[By reporter Sun Jie (1327 2638)]

[FBIS Translated Text] Beijing, 21 Feb (XINHUA)—The Ministry of Metallurgical Industry, concentrating on solving tough problems during the course of improving enterprise management, has paid more attention to enterprise management in the metallurgical industry, guided enterprises to change operational concepts and meet the market demand, and pushed enterprise management in the industry to a new stage.

The experience of the Ministry of Metallurgical Industry in improving management has been regarded as an exemplary experience and was reported at a national

enterprise management work conference being held here. In 1994, many iron and steel enterprises encountered great operational difficulties due to market changes and a capital shortage, and they hoped that the government would solve their funds shortage problem by sharply increasing the money supply, reducing rolled steel imports, promoting sales, and thereby bringing about a rapid change in the current supply and demand situation of the iron and steel market.

After analyzing the current situation of the national economy and the metallurgical industry, the leading members of the ministry hold that, on the surface the difficulties in the metallurgical industry are mainly caused by excessive imports, capital shortage, and a weak market; but the deep-going causes are the failure of enterprises in changing the longstanding planned economy concept, their poor internal management, and their failure in adapting to the rapid market changes. For this reason, an important way to improve enterprise management under the new situation is to guide the enterprises to change their concepts and unify their understanding. So, the leading members of the ministry have discussed at length on many occasions the notion of market demand and the importance of changing operational concepts. The leaders of the ministry called on metallurgical enterprises to turn their attention from production to the market, fully understand the law of market changes, and take the opportunity to readjust their product mix. The leaders called on metallurgical enterprises to consider the interest of the whole, seize opportunities, assume a good operational style, and set correct market prices; and not to place their hope for development on large increases of government investment.

In 1994, the Ministry of Metallurgical Industry strengthened its guidance over enterprise management. Its leaders pointed out: Improving enterprise management meets the objective needs of deepening reform and establishing a modern enterprise system, as well as being a realistic option and important measure for overcoming the operational difficulties of enterprises. Early last year, the Ministry of Metallurgical Industry formulated "the gist of enterprise management work of the metallurgical industry" and called on enterprises to adapt themselves to the new situation, seize opportunities, change concepts, persistently integrate improvement of management with the deepening of reform, and achieve progress in both management and technology. It is the first gist ever formulated by the metallurgical industry for its annual management work. Its formulation has made metallurgical enterprises attach greater importance to management and corrected the tendency of neglecting management among some enterprises during the course of reform. After one year of practice, the metallurgical enterprises say that the gist contains specific objectives and clear and definite measures, and it is easy to carry out. In the second half of 1994, Minister of Metallurgical Industry Liu Qi proposed an enterprise management

principle of "focusing enterprise management on financial management and focusing financial management on capital management." He held a discussion meeting on productive operations and urged the metallurgical industry to attain five objectives—"limiting production, reducing overstock, improving storage, promoting exports, and accelerating capital turnover"—before the end of 1994. At the same time, he called on metallurgical enterprises to deem it their major task to attain the five objectives, and to pay more attention to overcoming operational difficulties during the course of improving management. To improve management, the ministry instituted an objective control system, regularly familiarized itself with the progress made by enterprises, and exercised supervision and inspection. Those actions by the ministry promoted and guided the change in the operational mode of enterprises. By the end of last year, the five objectives had been basically attained, thus creating the necessary conditions for enterprises to free themselves from difficulties.

In 1994, the Ministry of Metallurgical Industry assessed the new achievements in modern management and commended some exemplary plants for their success in on-the-spot management. In addition, the ministry specifically summed up and publicized the experience and practices of such advanced enterprises as the Baoshan Iron and Steel Complex Corporation, the Hangzhou Iron and Steel Works, the Fushun Steel Plant Import/Export Corporation, the Handan Iron and Steel Plant, and the Panzhihua Mine and Metallurgical Company in improving internal management. As an industrial administrative department, the Ministry of Metallurgical Industry pays attention to collecting market information and disseminates it regularly; analyzes overall information and publishes it in the news media; helps enterprises understand the law and characteristics of market changes and the trend of development; and provides early warnings and services for enterprises to improve management and operations.

The Ministry of Metallurgical Industry has achieved remarkable success in guiding enterprises to intensify management efforts. In 1994, China produced 91.53 million metric tonnes of steel and 80.03 metric tonnes of rolled steel, despite a weak rolled steel market, declining prices, and extreme capital shortage. The combined total of profit delivered and tax payments of the metallurgical industry was 52.6 billion yuan and ranked second among all industries in China; and the profit earned by the industry was 27.5 billion yuan and ranked first among all industries. After one year of practice, many enterprises have turned the notion of "waiting for, relying on, and asking for state assistance" into the notion of relying mainly on the market, adapting to market demand, and finding a way out through the market. They have shifted their operations from mere production to management of assets and enhanced their sense of capital.

Liu Qi pointed out recently: In 1995, the Ministry of Metallurgical Industry will continue to regard the

improvement of enterprise management as an important task. During the course of improving management, metallurgical enterprises must improve themselves in four respects. One is to develop unique varieties of products. Next is to ensure that the quality of their products is better than those of others. The third is to lower production costs to give their products an edge in market competition. The fourth is to establish a good reputation and strive to provide good service.

Guangdong Pursues Closer Hong Kong Economic Ties

HK2402090595 Hong Kong HONGKONG STANDARD
in English 24 Feb 95 p 7

[By Pamela Pun in Guangzhou]

[FBIS Transcribed Text] Guangdong province is hoping to strengthen its economic ties with Hong Kong and explore international markets through the territory, provincial governor Zhu Senlin said yesterday. Speaking at the final session of the week-long Guangdong Provincial People's Congress yesterday, Mr Zhu said the government must pursue consolidating the two markets by forging closer links.

The governor, bowing to pressure from the province's growing number of private businessmen, also pledged recognition and support for the private sector. "We must insist on public ownership, while giving guidance and support to private and household business to promote the common development of various sectors," Mr Zhu said. The sentence was added to the governor's original work report which failed to mention the private sector.

Mr Zhu was addressing the congress, where 14 private businessmen, mostly from Guangzhou on visitors seats, were complaining the provincial authorities had not given them guidelines or support. Meanwhile, continued pressure from teachers in the province persuaded Mr Zhu to pledge government commitment to educational reform. Although 16 years of reform has bolstered the coastal province's economic development, educational standards have lagged far behind industrial growth.

Teachers' working and living conditions have deteriorated throughout the decade and many educators have left the profession as a result. However, now the Pearl River Economic Zone proposal is tabled, the governor is hoping to turn the capital city of Guangzhou into a regional financial centre. In addition, the governor is also trying to restructure customs administration along the Shenzhen Special Economic Zone-Hong Kong border, to meet increasing economic and social demands between the territory and Guangdong.

"(We) must enhance our sense of national safety, and prevent hostile forces' infiltration and sabotage," Mr Zhu said. At least 10 changes were made to Mr Zhu's government report to the 713 delegates attending the congress which started last Thursday. Six departmental

reports on the province's economic and social development were approved by the local legislature as well as this year's budget, the work of the standing committee, higher court, procuratorate and Mr Zhu's report.

Progress of Construction Projects Viewed

HK2402112195 Beijing ZHONGGUO XINWEN SHE
in English 0951 GMT 24 Feb 95

[FBIS Transcribed Text] Beijing, February 24 (CNS)—China invested 105.1 billion yuan in 151 state key construction projects last year, overfulfilling its plan set for the year by 2 percent or representing a rise of more than 30 billion yuan over 1993.

For the 151 key projects, the actually used investment was 104 billion yuan, accounting for 109 percent of the year's plan, up 3.2 percent over 1993. Some 72 key projects and single items were completed last year.

Last year saw a quicker pace of construction of infrastructure including railway, port, posts and telecommunications. The Beijing-Kowloon railway is now under busy construction. Its large and middle-sized bridges and tunnels have been basically completed. Works on the Lanzhou-xinjiang double-track railway and Baozhong Electrified track railway have been finished. The country last year saw completion of some 2,194 kilometers of new line, double-track and electrified track lines, and increases of coastal ports' capacity by 22.90 million tonnes and telephones by 12 million.

The country, in addition, made progress in water conservancy construction last year with completion of works on diverting water from the Datong River to the Qin Basin area in Gansu Province. The irrigation canal, 87 kilometers long, is a magnificent feat in China. It will greatly improve productivity and living conditions of central Gansu, a poverty-stricken area with a serious water shortage problem. Subsequently areas around the Qin Basin will become an important production base of nonstaple foods in Gansu Province. In the field of power industry, the country newly put generating sets with a total capacity of 11.74 million kilowatts into operation last year.

The second-phase project of the Three Norths Tree Shelterbelt, a project attracting world-wide attention, was completed one year advance of schedule. The new cultivation of 200 million mu shelter forest would greatly benefit industrial and agricultural production, people's livelihood and ecosystem in the long run.

*Article Views Disposition of Idle Machine Tools

95CE0098A Beijing JIDIAN RIBAO in Chinese 22 Oct 94 p 2

[Article by Zhang Siju (1728 1835 5282): "From Two-Dimensional To Three-Dimensional Survey of China's Idle Machine Tool Equipment"]

[FBIS Translated Text] China's current idle machine tool equipment situations can be characterized by the following:

Idle machine tool equipment means that, because of enterprise adjustments in the processing technology line, changes in processing methods, and adjustments in the product mix, as well as production changes or other reasons, various types of machine tool equipment with use value cannot be used at the enterprise and is idle. Among these idle pieces of machine tool equipment, there are some large, high-precision, top-notch pieces; some new equipment that still has not been uncrated; some that has not been used after it was installed; some that is broken down and in need of repair; and a considerable amount of it is secondhand machine tool equipment that has already been used. This equipment all has a certain amount of use value and some of it has been imported from overseas. (The vast majority of these tools are rather precise and specialized)

Throughout the country there are currently several hundred companies and intermediary departments disposing of idle machine tool equipment. The method of disposing of it generally is to rent space in specialized periodicals and newsletters to advertise the price and age of the machine tools they want to dispose of. Because these tools are not at these companies or intermediary departments, it can be extremely difficult if one wants to see the object. The procedure is complicated and inconvenient. Because the consumer cannot see the actual machine tool when he comes to purchase it, he lacks confidence, which makes it difficult to dispose of idle machine tool equipment, and the results are not good. What is a greater consideration is that current companies and intermediary departments do not understand the idle machine tool situation very well.

Among current idle machine tool equipment, most new pieces have already exceeded their warranty period and old machine tools have after sale service problems. These are problems that it is very difficult for companies and intermediary departments to resolve.

The types and amounts of idle Chinese machine tool equipment are generally as follows: approximately 130,000 metal cutting machines (not including table drills, bow saws, and grinders); approximately 35,000 forging, pressing, punching, and trimming machines; approximately 7,000 woodworking machines and casting equipment; approximately 5,000 machine tools of other types, including electrical processing, special processing, and special use machines. There are approximately 800 idle machines of various types imported from overseas.

Based on the statistics given above, there are nearly 200,000 pieces of idle machine tool equipment of various types, equivalent to China's annual production. Calculating their value at 50 percent, it is approximately 5 billion yuan. This is quite a large figure. If we cannot resolve this problem in the near future, we will have to scrap a certain amount of machine tools. On the other

hand, once these idle machine tools are put into circulation, they will alleviate the shortage of some varieties, and reduce some imported varieties and their volume, and they can create value. This is killing two birds with one stone. Currently other countries in the world all have 2 percent or less of equipment idle, but China's approaches 7 percent. If we do not adopt positive measures, this figure could further increase. We are presently developing a socialist market economy. Doing a good job of disposing of these idle machine tools is extremely urgent.

Some suggestions for disposing of idle machine tool equipment are:

First, we should change from two-dimensions to three-dimensions in disposing of idle machine tool equipment. That is to say, the equipment that we want to dispose of should be provided directly to the consumer for him to select and purchase.

We should establish major idle machine tool equipment markets in the country's major administrative regions such as Beijing, Tianjin, Wuhan, Shanghai, Xi'an, Chongqing, Guangzhou, and Shenyang. Idle machine tools weighing five tons or less should be placed on the market so that the consumer can look at them and select them for use. Determination regarding equipment weighing more than five tons should be made based on the specific situation of the market. Even if they cannot be placed in the actual market, videotapes of the real thing should be introduced to the consumer.

Whatever machine tool equipment is selected for purchase from the market should be able in working order, and it should not be necessary for the consumer to further repair it after purchase. The market should be responsible for the quality of the machine tools that it sells, and at the same time give good after sale service. So, there should be a machine tool repair force in the market made up of able and efficient personnel. At the same, the market should also have a certain number of specialized technical personnel, such as mechanical, hydraulic, electrical, numerical control, and other specialized technicians. This force can take up the task of refitting the machines, converting various types that are now idle to various special use types as the consumer requires. At the same time, they can take up the task of repairing various types of machine tools.

Use various types of machine tools in the market to do some processing tasks, thereby proving their reliability, while bringing a certain amount of economic benefit to the market.

Operating procedures in the market can be flexible and varied. That is, machine tools may be directly purchased or acquired through an agent who receives a commission, and they may be leased. At the same time, they can also be exported to countries or regions that are not industrially advanced. Currently 30 percent of the

machine tool equipment that Thailand uses is second-hand idle machine tools imported from Japan, the United States, or England.

Establish relations with domestic and foreign manufacturers, provide sales information on various types of machine tools to manufacturers, provide spare parts and accessories to purchasing manufacturers, and teach the manufacturers machine tool assembly and testing technology.

As regards price, the price of idle machine tool equipment should be 30-50 percent lower than the market price of the same model of new machine tool. Otherwise it will be difficult for the consumer to accept it.

In addition, after domestically produced machine tools are idle, they can be returned to the original manufacturer to be disposed of by them. This method is rather convenient. But because of such factors as the market situation, time limits on production, and the planning arrangements of the manufacturer, some factories have difficulty accepting them. This method can be adopted for some rather specialized machine tools, but a manufacturer's permit must be obtained.

Finance & Banking

Zhu Rongji May Relinquish People's Bank Governorship

HK2402054395 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 24 Feb 95 p 4

[By Dede Nickerson in Beijing]

[FBIS Transcribed Text] Vice-premier and economic czar Zhu Rongji will relinquish his authority as governor of the People's Bank of China (PBOC) at next month's meeting of the National People's Congress, according to well-placed sources in China's financial bureaucracy. They said that a successor had not yet been decided on. However, though the PBOC claimed that it had no knowledge of Mr Zhu's departure, it said that it was not impossible. "Mr Zhu is not involved in the day-to-day operations, his departure would not come as a surprise," said an officer at China's central bank.

Sources at the bank said that since his appointment as governor of the PBOC in July 1993, Mr Zhu was involved in strategy, but had not been an active participant on the operations side. "That was never the intention, he's a vice-premier with a host of other responsibilities including industry and agriculture," said the officer. The person who actually handles the daily operations side is Zhou Zhengqing, executive deputy governor of the PBOC.

Analysts believe that it is unlikely that Mr Zhou will replace Mr Zhu. "If that was the case, it would have happened some time ago," said a Western diplomat. "Mr Zhu never had plans to hold that title for any length of

time." Mr Zhu replaced Li Guixian as governor of the central bank in July 1993 with ambitions to implement a tough austerity programme.

At the time, China's economy overheated rapidly, foreign investors rushed for a piece of the action and speculation was rife. When Mr Zhu became governor he tried to slow growth with a tight credit policy, but his success was limited. "As long as the blank cheque for state enterprises continues, inflation will remain high," said an economist. "The current situation is not a failure for Mr Zhu, but shows a lack of necessary consensus at the political level to implement tough economic measures." But Mr Zhu was successful in unifying the currency.

China had been operating a two-track system until late 1993, when Foreign Exchange Certificates (FECs) were abolished. Mr Zhu's ability to implement this measure which came as surprise to many at the time, was viewed as a decisive policy victory for him as China had been contemplating the step for years. Since unification, the yuan has remained stable. Mr Zhu's impending departure from the PBOC coincides with his diminishing responsibility for other sectors of the economy including industry and agriculture.

The Chinese media has been focusing on Wu Bangguo, who was promoted to the Central Committee last autumn and is known to be a close associate of President Jiang Zemin. About four minutes of Mr Wu's remarks at the National Conference on Enterprise Management held in Beijing this week were broadcast on national television.

While Mr Zhu attended the conference, no mention of his presence was mentioned in recent press reports. Besides, there is speculation that Jiang Chunyun, the former head of the party in Shandong province, will be elevated to vice-premier, responsible for agriculture, at the Congress. Mr Jiang Chunyun was appointed to the Central Committee at the same time as Mr Wu, and is known to have a positive relationship with Mr Jiang Zemin. Mr Zhu has been weighed down by responsibilities associated with the central bank, agriculture, industry and the securities markets and the economic czar has probably been overburdened in the past few years.

Finance Ministry 2d Notification on Treasury Bonds

SK2302141595 Beijing XINHUA Domestic Service in Chinese 1654 GMT 22 Feb 95

[FBIS Translated Text] Beijing, 22 Feb (XINHUA)—Notification (No. 2) of the PRC Ministry of Finance

Based on the "PRC Regulations on State Treasury Bonds," the distribution of 1995 three-year-term bearer state treasury bonds is notified as the follows:

1. Distribution of the 1995 three-year-term bearer state treasury bonds, of which the annual nominal interest rate will be 14.5 percent, will begin on 1 March and end on 20 March.

2. Bearer state treasury bonds will be underwritten and exclusively sold to the public by securities operating organizations. Investors of all categories may purchase such bonds.

3. Bearer state treasury bonds may be circulated on the market when distribution ends, but are not to be registered or reported as losses.

4. Calculation of the interest for bearer state treasury bonds will begin on 1 March; the simple interest rate instead of the compound interest rate will be adopted; the principal and interest will be paid together at maturity; and no value-guaranteed subsidies will be given.

This is hereby notified.

[Signed] The Ministry of Finance of the PRC

[Dated] 22 February 1995

New Regulations on VAT Restructuring Due Next Month

HK2402054495 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 24 Feb 95 p 4

[By Elaine Chan]

[FBIS Transcribed Text] China's State Administration of Taxation is soon to announce new rules for assessing value added tax (VAT) rebates owed to mainland businesses, the Hong Kong Society of Accountants says. The regulations are due by the end of next month before locally listed Chinese companies are scheduled to announce their results.

Society assistant director Tommy Fung Hon-kwong said the new regulations would make it easier to prove that imputed (prepaid) VAT could be recovered. The society said in a recent report that it had expressed its concern to the Chinese authorities about the existing regulations. These were introduced last year with a new tax system. The new arrangement will allow enterprises to write off imputed VAT against future VAT payments over a period of time. This period would depend on the central and local tax authorities' revenue budget target, the report said.

Ernst and Young tax manager Ivan Chan said that the existing regulations stipulated that companies could make claims on the 14 per cent imputed VAT. He said existing imputed VAT of 14 per cent of the opening stock gave companies a higher profit position, because it would be taken off from the opening stock of the companies. Currently, businessmen are allowed to utilise this imputed VAT to write off any future payments provided that there is a reduction in their inventories.

But accountants argue that under normal business operations, companies seldom reduce their inventories.

Mr Chan said under Chinese accounting practices the pre-paid VAT was not considered an asset. "But H share companies are subject to the Hong Kong regulations," he said. "And taking inflation into consideration, the value of the inventories would be higher." Mr Fung said: "If you have an asset with no future benefits, you have to write down the value. "If you cannot see the recoverability in the next 15 years, that means a loss." He would not elaborate on what he thought were the implications of the new regulations on companies. "It depends on what criteria will be set up and how companies fit into the criteria."

VAT is a creditable indirect tax system imposed on the various stages of the production and sales cycle, from import to production to sales. The VAT rate is normally 17 per cent with an exception of 13 per cent applicable to specified products mainly basic necessities, agricultural products and utility services. It is part of a system the mainland introduced last year in a bid to boost central government revenue and bring the tax burden of China's state enterprises more in line with that of foreign companies.

Experts Urge Crackdown on Savings Account Fraud

HK2302144695 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1244 GMT 18 Feb 95

[FBIS Translated Text] Beijing, 18 Feb (ZHONGGUO TONGXUN SHE)—The slogan of "increasing savings deposits" has become the common objective of all banks and the year-end savings balance has particularly affected the public. Nevertheless, the question of bank fraud which has arisen from this campaign has attracted the attention of banking circles here.

The current operational mechanism and fund-pooling procedures of China's banks generally regard increasing savings as the basic target. Most of the banks assess the savings balance monthly and at the end of the year, which offers some people an opportunity to play the ball "close to the edge." An unusual phenomenon of an increase in savings deposits at the end of the month and a sudden drop at the beginning of the month has appeared in some banks, and some high savings figures are retained for only one to two days. This is the most common "fake" practice currently being seen in the financial circles. Another fake practice has appeared in savings: In order to meet the savings quotas assigned by the higher authorities, some banks are taking the end of the month and the year as the starting point for their calculations, deliberately offering fake loans and "converting loans to savings" in order to raise the savings figures.

Experts believe that the crackdown on such fake practices is a task which brooks no delay. By establishing a

scientific, rational, and effective target assessment system, the key lies in making assessment by organically combining the amount of savings with capital costs and operational efficiency.

Fujian Collects More Taxes From Individual Traders

HK2302144895 Fuzhou Fujian People's Radio Network in Mandarin 2300 GMT 12 Feb 95

[FBIS Translated Text] State taxation departments in Fujian have strengthened management over tax collections from individual traders and markets. In 1994 individual traders' taxes amounted to 1.57 billion yuan per quarter, up by 43 percent over the previous year. This year state taxation departments have screened scattered tax sources, key trades, and special trades, have strengthened their supervision over individual traders' tax payments, and have adjusted their tax rate upward by more 30 percent. This has brought about a monthly increase of 21 million yuan in tax collection, has alleviated inequality in social distribution, and has promoted the healthy development of individual and private economic sectors.

Foreign Trade & Investment

Official Says WTO Entry Negotiations To Resume

HK2402054595 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 24 Feb 95 p 4

[By Josephine Ma]

[FBIS Transcribed Text] China expects to resume negotiations on its entry to the World Trade Organisation (WTO), according to a Chinese official. According to Li Jian, senior researcher with the Ministry of Foreign Trade and Economic Co-operation, the negotiations would continue even if the copyright talks broke down. He said that the intellectual property rights (IPR) issue was not at the heart of the negotiations for China's entry into the WTO but rather, the United States' demand that China open its markets and abandon its privileges as a developing country, were.

He said that as many industrial departments and state enterprises were opposed to opening the markets to imports, the Chinese Government was unlikely to offer more than major concessions in specific industries at the negotiations. While emphasising that he was optimistic about the Sino-US copyright talks, Mr Li said that bilateral trade would continue even if sanctions were imposed. He said that the visit by US Energy Secretary Hazel O'Leary, at the height of the IPR talks, was an indication that they had little to do with China's entry to the WTO. "If the talks (on copyright) break down, there will be sanctions on certain goods," Mr Li said. "But trade in other areas will continue."

He stressed that even if sanctions were imposed on certain items, the two sides were unlikely to lengthen the sanctions list and launch into a full blown trade war. He said that he did not think that the imposition of sanctions could be called a trade war. "The two countries had a trade war worth tens of billions of US dollars in sanctions before, whereas the list of sanctioned goods proposed this time was worth only about US\$1 billion."

The GATT talks were scheduled to begin this month. However, Wang Shichun, China's councillor on the WTO talks, said that no date could be set for negotiations until the IPR issues being discussed in Beijing were resolved.

Measures Formulated To Counter Anti-Dumping Actions

HK2402124095 Hong Kong CHING CHI TAO PAO in Chinese No 6, 13 Feb 95 p 29

[From the "Chinese Economic News" column: "Five Foreign Trade Measures To Counter Anti-Dumping Activity"]

[FBIS Translated Text] According to a reliable source, to counter foreign countries' anti-dumping actions against Chinese products, China will adopt five counter anti-dumping measures.

1. To speed up the drafting of a counter anti-dumping law. The "Regulations on Responding to Anti-Dumping Suits" issued by the Ministry of Foreign Trade and Economic Cooperation is designated the document providing the norms for counter anti-dumping work, and the Treaty and Law Department of the ministry is designated as the department in charge of this work. Enterprises producing export commodities which do not make an effective response to suits will be dealt with seriously.
2. To strengthen the role of import and export commercial chambers. The commercial chambers are responsible for the work of responding to anti-dumping suits concerning enterprises directly under their jurisdiction. They also have many other necessary powers.
3. To strengthen management and control over sensitive export commodities. Restrictions will be imposed on the quantity of certain export products through measures such as setting export quotas, levying export tariffs, and setting temporary and positive quotas.
4. To establish a fund for responding to anti-dumping suits. To prevent the phenomena of some export enterprises being reluctant to pay the relevant fees to respond to a suit, leading to an ineffective response or a refusal to respond, the customs authorities will collect fees on the export products in accordance with a unified rate so that a special fund can be established to respond to anti-dumping suits.
5. To train counter anti-dumping personnel.

These five measures will play a positive role in countering anti-dumping activity. A more perfect counter anti-dumping law is currently being drafted.

Guangdong Authorities Seize Fake Levi Jeans

HK2402102295 Hong Kong AFP in English 0952 GMT 24 Feb 95

[FBIS Transcribed Text] Beijing, Feb 24 (AFP)—China's campaign against copyright pirates has been extended to jeans, with 22,000 bogus pairs of Levi's being seized by customs agents in the southern province of Guangdong.

The official China Youth News [ZHONGGUO QINGNIAN BAO] said Friday [24 February] that the jeans were discovered in December at the premises of a company in Jiangmen city, in the Pearl River Delta, which intended to export them. The seizure was among 40 counterfeit cases cracked by Guangdong customs at the end of last year and the beginning of this year, involving products as diverse as compact discs to shoes and cassette radios, it said.

Levi Strauss (Far East) Ltd. in Hong Kong refused to discuss the report, which appeared two days before tit-for-tat sanctions were to go in effect in a protracted Sino-US dispute over copyright protection. Levi's, based in San Francisco, has been reluctant to penetrate the China market, but the brand's unique American image—promoted aggressively on satellite television—is well-known among Chinese youth.

But copyright pirates have not been making bogus Levi's for domestic sale only. Last week 2,000 counterfeit Levi's were seized in South Africa, where the company says 90 percent of jeans are fakes from China and Thailand. Other counterfeit products found in Guangdong by customs since December include 1,500 leather shoes with the brand name Italy, plus 1,500 fake Panasonic cassette radios and 100 Yamaha car radios, China Youth News said.

In Shenzhen, bordering Hong Kong, officers found 160,000 computer disks in January with the Sony brand name. The retailer claimed his foreign supplier insisted that Sony's name appear on the packaging, it said.

Ministry: Nation To Issue Treasury Bonds 1 Mar-31 Jul

OW2302165095 Beijing XINHUA in English 1531 GMT 23 Feb 95

[FBIS Transcribed Text] Beijing, February 23 (XINHUA)—China will start issuing this year's first batch of treasury bonds March 1, according to the Ministry of Finance.

The issuance of three-year treasury bond certificates, which cannot be traded on the market, will be completed July 31.

The year-by-year interest rate of the three-year bonds is set at 14 percent, and they have subsidies to compensate for inflation.

Holders of the bonds, including individuals and institutions, can buy them in cash in advance.

The annual interest rate for the three-year unregistered treasury bonds is set at 14.5 percent.

Holders of this kind of bond can only trade them freely on the market after the issuance is finished March 20.

Also, this kind of bond has no inflation-beating subsidies.

The circulation of these two bonds is to be decided at the upcoming annual session of the National People's Congress, according to the ministry.

Official Says Bond Volume To Increase

OW2302165595 Beijing XINHUA in English 1537
GMT 23 Feb 95

[FBIS Transcribed Text] Beijing, February 23 (XINHUA)—The total volume of 1995 state treasury bonds will be larger than last year's, which was 102.8 billion yuan (about 12.2 billion U.S. dollars-worth, Chinese Deputy Minister of Finance Jin Renqing said here today.

Jin declined to reveal the exact amount for this year, but he said that the volume of this year's government bonds issued directly to individual investors will be roughly the same as in 1994.

The deputy minister made the statements when questioned by reporters on the issuance of government bonds this year.

The Ministry of Finance Wednesday made two announcements, saying that the first batch of this year's treasury bonds will be issued starting March 1.

Sources here said that the total figure for 1995's bonds will be decided during the upcoming third session of the Eighth National People's Congress, China's legislature.

Jin said that the annual interest rate for the three-year-term standard certificate bonds, which were first offered last year, has been raised to 14 percent from 13.96 percent last year. The rate is 1.76 percentage points higher than that for fixed bank deposits of the same term.

He added that the bonds will also be given an inflation-beating subsidy on top of the normal interest rate.

This year China will issue a new standard bond, which carries a coupon rate of 14.5 percent, in an effort to allow the central bank to conduct open market activities and enhance its ability of handling and controlling money, Jin said.

The new bonds, which can be traded on stock markets, are intended mainly for institutional investors and those individuals with large investments and good risk awareness, Jin said.

He admitted that the central treasury is suffering considerable deficit pressure, and said he hoped that the bond issue would help turn some funds held by the general public, which would otherwise be used for consumption or remain idle, into investment needed to support the development of agriculture, science, technology, education and other key infrastructure sectors.

Jin pointed out that bond issue is also conducive to withdrawing money from circulation and reducing the money supply, thus helping rein in inflation, which reached more than 20 percent last year.

Thanks in part to the country's good overall economic situation and the fact that people's living standards are improving steadily, this year's bond issue is certain to be fulfilled as planned, Jin said.

Singapore Businessmen Seek Opportunities in Guangxi

OW2302165895 Beijing XINHUA in English 1527
GMT 23 Feb 95

[FBIS Transcribed Text] Singapore, February 23 (XINHUA)—A Singaporean business delegation, organized by the government's Trade Development Board (TDB), will visit the Guangxi Zhuang Autonomous Region in southern China to seek new business opportunities, the TDB said today.

It said the aim of the delegation is "to explore new business opportunities and strengthen existing business ties".

The delegation will leave on February 28 for a week-long visit that will cover five major cities, namely, Beihai, Nanning, Fangcheng, Liuzhou, and Guilin in the autonomous region.

TDB Chief Executive Officer, Barry Desker, who will lead the 13-member delegation, said the visit would offer an opportunity for Singapore businesses to explore new business opportunities, particularly in commodity processing and trading, infrastructural development, logistics and tourism-related businesses. "Guangxi region is the last of China's coastal areas to be developed and as such poses many unexploited business opportunities," he said.

The private sector companies joining TDB on the trip include Central Granite Industries, Kuok Oils & Grains, Maya Group, Metro Holdings, Pices Group, and Pacific International Lines.

Singapore is now the fifth largest foreign investor in Guangxi.

By the end of 1994, Singapore companies had invested in more than 60 projects in Guangxi, ranging from infrastructural development to food processing with a total value of 334 million US dollars, TDB said.

Shanghai Vice Mayor Meets U.S. Businessman

OW2402100495 Shanghai JIEFANG RIBAO in Chinese
15 Feb 95 p 1

[FBIS Translated Text] A contract-signing ceremony for forming Shanghai Jindihua Company Limited was held on 14 February. Shanghai Vice Mayor Xu Kuangdi and China National Petrochemical Corporation Vice President Wang Jiming attended the signing ceremony and, prior to the ceremony, met with (Stali), chairman of the board of directors and first executive officer of the U.S. Continental Cereal Company and chairman of the International Entrepreneur Advisory Board under the Shanghai mayor, and his party.

Shanghai Jindihua Company Limited is jointly invested in by the U.S. Continental Cereal Company, Shanghai Jinshan Petrochemical Shareholding Company Limited, and China Welfare Enterprise Huadong Company to set up in Pudong the first production facility for low-temperature propane and butane gas tanks in east China. The amount of the project's first stage investment is \$30 million, which is scheduled for completion in the first half of 1997. The project calls for an annual production of about 300,000 tonnes of liquefied natural gas in its initial phase.

U.S. Oil Firm To Explore for Natural Gas

OW2302233695 Beijing XINHUA in English 2310
GMT 23 Feb 95

[FBIS Transcribed Text] New York, February 23 (XINHUA)—U.S. oil company Chevron is to explore natural gas in the South China Sea near Hainan Island, Chevron announced today.

Chevron Overseas Petroleum Ltd. will sign a production sharing agreement Friday [24 February] with its Chinese partner China National Offshore Oil Corporation (CNOOC) in Beijing.

Various exploration studies are scheduled for the offshore block, designated 62/7.3, located in a gas prone area in the South China Sea southwest of Hainan, Chevron said. When commercial volumes of gas are discovered, Chevron, as operator, and CNOOC will jointly develop the discovery.

Chevron Overseas Petroleum President Richard Matzke noted that the agreement strengthened an already excellent relationship between Chevron and China. "This new exploration acreage adds to Chevron's already significant presence in China," he said. Chevron co-operates in China's largest offshore oil operation which produces 60,000 barrels of oil per day. Two additional fields will be tied in to existing production facilities with

first production starting this year, bringing total production to 100,000 barrels per day by late 1995.

In addition to its exploration and production activities, Chevron is active in China in crude oil and petroleum products trading, chemicals marketing, and refining technology transfer. Through its 50 percent-owned affiliate Caltex Petroleum Corporation, the company is also involved in retail gasoline marketing and lubricating oil blending.

Shenyang Upgrades Old Firms With Overseas Ideas

OW2302031495 Beijing XINHUA in English 0224
GMT 23 Feb 95

[FBIS Transcribed Text] Shenyang, February 23 (XINHUA)—This capital of Liaoning Province and China's heavy industrial base has made some significant achievements in renovating and upgrading old industrial businesses by making use of some ideas from overseas.

In a four-year experiment, this city in northeast China has invited a total of 520 foreign experts from various fields, imported more than 40 instances of new technology, and introduced foreign funds worth more than 400 million yuan, in a drive to accelerate the overall renovation of the old industrial structure.

As one major move in improving their competitiveness in the international market, more than 30 large and medium-sized state enterprises have resorted to the use of foreign ideas, reportedly producing good results.

The Shenyang Gold-Cup Auto-Making Company has signed a co-operation agreement with the Toyota Company of Japan under which the Japanese will send a total of 116 experts to Shenyang in order to upgrade the key facilities and help the Chinese utilize imported production lines, do repairs, and learn management skills. The Japanese will also help train 120 technicians for the company.

German expertise has helped the city's Mining Machinery Plant to overcome a series of important technical problems, at a cost of only 10,000 US dollars. The upgraded production line now has new output value topping 27 million yuan.

Under the guidance of Japanese experts, workers at the city's Industrial Rubber Product Plant have mastered techniques of a production line imported from Japan, by means of which ten of its products have filled the gap left by domestic companies.

Shenyang is one of the four experimental cities, the others being Dalian, Wuhan, and Yantai, designated by the State Council as importers of expertise from abroad.

Statistics show that from 1993 to 1994 approximately 130,000 foreign experts have been invited to China, with 95,000 having come under governmental bilateral or

multilateral agreements, or in compliance with contracts involving imported equipment.

Nearly 1,000 Overseas Firms Liquidated in Guangdong

OW2402093395 Beijing XINHUA in English 0907
GMT 24 Feb 95

[FBIS Transcribed Text] Guangzhou, February 24 (XINHUA)—Guangdong Province in south China liquidated 977 overseas-funded enterprises last year for their invalid economic operations.

The move is to ensure the healthy expansion of overseas-funded firms, according to sources with the Provincial Administration for Industry and Commerce.

Many firms were shut down because they were not in operation for a long time, or because either the Chinese or foreign side failed to observe relevant contracts, provincial officials said.

During the past decade, the coastal province near Hong Kong has been a hot spot to overseas investors.

Last year, the province approved the establishment of 9,478 overseas-funded enterprises involving a total investment of 29.67 billion US dollars.

By the end of last year, Guangdong has 53,000 overseas-funded firms in all.

Building Materials To Open to Foreign Investment

HK2302141495 Beijing CHINA DAILY in English 23
Feb 95 p 5

[By Zhang Yuan: "Building Goods to Open Up"]

[FBIS Transcribed Text] China's building materials industry will open wider to foreign investment this year in a bid to further promote development of export-oriented businesses in the sector.

Meanwhile, the industry will continue to explore ways to directly use funds from foreign-financial firms so as to improve the structure of foreign capital utilization.

So says the report of Zhang Renwei, director of the State Administration of Building Materials Industry, delivered at the four-day working conference which opened yesterday in Beijing. The conference will draw about 200 provincial and municipal officials in charge of the industry as well as managers from the country's leading building materials enterprises.

According to the report, the administration this year will expand foreign investment to the sectors of new-type building materials, nonmetallic products, and building materials machinery while continuing its efforts to promote the establishment of large-sized Sino-foreign joint venture cement and high-quality float glass projects.

Float glass uses the world's most advanced technology to make smoother, high quality glass.

At the same time, the administration will encourage overseas investors to directly invest their money in the country's existing building materials enterprises to upgrade their products and technology, the report says.

Geographically, the administration will guide foreign investors toward the central and western areas of the country where there are rich raw materials and abundant cheap labour.

At present, the majority of overseas investment in the building materials industry, especially in the cement and glass sectors, is in the coastal areas of the country.

The administration will also strengthen the work of assets evaluation so as to avoid possible losses of state-owned assets when establishing new joint ventures with foreign partners. It will decide, after study, the size and direction of foreign investment in order to avoid possible monopoly in certain sectors or regions, Zhang stresses in his report.

Concerning exports, Zhang says that China's building materials technology and equipment have advantages in developing countries in Southeast Asia, south Asia, Africa, and Latin America due to their cheap prices and practical functions.

Thus, the director urges Chinese building materials trading companies to explore channels to export to those regions more complete sets of equipment for the manufacturing of cement, glass, construction-use porcelain-ware, and stone plates.

To promote Sino-foreign cooperation in the glass industry, China will hold the 17th International Glass Conference in Beijing in October this year. Leading Chinese and foreign glass firms are expected to participate and create trade and cooperation opportunities.

Figures provided by the international cooperation department of the administration show that the industry so far has used an estimated \$2.5 billion in foreign investment.

The industry last year turned out 220 billion yuan (\$26 billion) worth of products, up 21.6 per cent over the previous year. Among all kinds of building materials, the country produced 400 million ton of cement, the largest output in the world, and 115 million weight-boxes of glass (one box weighs 50 kilograms).

Shanghai Accommodates Increasing Multinationals

OW2402035195 Beijing XINHUA in English 0340
GMT 24 Feb 95

[FBIS Transcribed Text] Shanghai, February 24 (XINHUA)—One hundred and ninety leading multinationals have made inroads into this economic and financial hub

bringing investment contracts worth about 1.975 billion U.S. dollars by the end of 1994, according to official sources.

The companies, listed among the world's top 500 industrial giants and companies dealing with industry, finance, and other services, are equipped with abundant capital and advanced technology.

Shanghai has had dramatic success in attracting overseas investment in recent years. From 1992 to 1994, 126 companies gained a foothold here, a number two times that of the previous 12 years.

Though only 1.8 percent of the joint ventures in Shanghai are sponsored by the multinationals, they provide 9.9 percent of the total investment. On average, each venture financed by the multinationals receives about 20 million U.S. dollars, compared with three million U.S. dollars for other joint ventures in the city.

Japanese multinationals have set up 92 ventures, the largest number among all foreign investors, followed by the United States, whose companies have invested in 42 projects.

German companies have financed 15 projects, each with an investment averaging 49.47 million U.S. dollars, the largest amount among all such joint ventures. The Germans signed contracts pumping 25.8 million U.S. dollars into each project on average.

The multinationals have also helped the growth of mainstay industries in the metropolis. For example, the Shanghai Volkswagen Automotive Co. Ltd. and Shanghai-EK Chor Motorcycle Co. Ltd. have introduced technology from Germany and Japan, narrowing the gap between China and the world's leading automobile manufacturers.

In cooperation with Belgian, Japanese, and German firms, Shanghai set up the Bell Telephone Equipment Manufacturing Co. Ltd., the Ricoh Facsimile Company, and the Siemens Mobile Telecommunications Equipment Company to breathe new life into China's telecommunications sector.

The multinationals' involvement has helped increase the value of state-owned assets in joint ventures. Statistics show that about 21 percent of the 200 industrial firms with the highest efficiency in Shanghai are joint ventures formed with multinationals, which includes the top five firms with highest per capita profits in the city.

Experts here point out that with more ventures funded by multinationals beginning operation, they will exert an even greater influence on Shanghai's economy.

Yunnan Welcomes Foreign Investment in Hydropower

OW2402085495 Beijing XINHUA in English 0837
GMT 24 Feb 95

[FBIS Transcribed Text] Bangkok, February 24 (XINHUA)—China's Yunnan Province welcomes foreign

investors to develop large-scale hydropower plants and is poised to consider cooperation with Thailand in the construction of dams.

Li Jiating, Vice Governor of Yunnan Province, told a seminar yesterday that potential hydropower from main rivers in the province is more than 100 million kilowatts.

He said that there are very good conditions for building dams and hydropower stations on the rivers in the province because of their large water flows, high drops and deep gorges.

Referring to Yunnan's investment environment, Li Jiating said six commercial airports are operating and another two will be put to use this year. The first phase of Kunming airport extension project was completed in 1993 and it can now handle Boeing 747s.

He said Yunnan is already cooperating with Japanese and Canadian companies in high-technology business. Charoen Pokphand (CP) Group of Thailand has also invested in this sector, using the advanced optical-fiber technology.

Nonferrous Industry To Strengthen Trade Coordination

HK2402090795 Beijing CHINA DAILY in English 24
Feb 95 p 5

[By Pei Jianfeng: "Nonferrous Industry to Co-ordinate Trade"]

[FBIS Transcribed Text] China National Nonferrous Metals Industry Corp (CNNC) will strengthen coordination of the country's imports and exports of nonferrous metals this year.

The corporation's foreign trade in nonferrous metals reached \$1.04 billion in 1994.

Exports of nonferrous metals surged by 43.7 per cent to hit \$704 million last year and imports reached \$339 million, down 61.9 per cent from the previous year.

The domestic market for nonferrous metals has been linked with the world market, said Chen Shengnian, CNNC vice-president, at a national conference which opened yesterday in Beijing.

But due to lack of co-ordination, foreign trade has caused some chaos in the domestic industry, he said.

The country imported 1.91 million tons of alumina, much more than the domestic demand, and plunged the country's major producers into difficulty.

China's output of copper was 684,100 tons last year, down 1 per cent from 1993, because imports of copper ore were not enough.

Exports of lead and zinc increased sharply last year. But at the same time, domestic smelting factories were running under capacity due to lack of raw materials.

Chen said that CNNC will strengthen the macro-control of foreign trade to ensure a stable supply of major nonferrous metals.

A special team will be set up this year by CNNC to manage the imports of copper ore.

Last year, China's output of 10 major nonferrous metals reached 3.7 million tons, up 12.2 per cent over the previous year.

Output of aluminium was 1.45 million tons, up 18.49 per cent; lead 407,400 tons, up 15.14 per cent; zinc 975,700 tons, up 16.32 per cent.

Other major nonferrous metals include copper, nickel, tin, antimony, mercury, magnesium and titanium.

Total sales of CNNC amounted to 38 billion yuan (\$4.52 billion), up 15.26 per cent over 1993. Its profits were 984 million yuan (\$117.1 million), almost the same as 1993.

This year, CNNC will also make more efforts to tap overseas capital and resources, said Zhang Jian, CNNC vice-president.

CNNC is negotiating to open copper, gold and silver mines and alumina factories in foreign countries.

Several large overseas investment deals are expected to be clinched this year, he said.

To avoid further losses, CNNC stressed that no subsidiaries are allowed to engage in futures trading without approval from CNNC.

LIAOWANG Forum Examines World Economy, Trade

HK2402110095 Beijing LIAOWANG in Chinese No 5, 30 Jan 95 pp 4-11

[By staff reporter: "Battlefields Have Been Changed Into Markets; What Should China Do?"]

[FBIS Translated Text] Editor's Note: The "Eighth Five-year Plan" is coming to an end and the "Ninth Five-year Plan" is about to begin. As we sum up the past, plan for the future, and greet the arrival of the 21st century, the international economic and trade situation has also undergone noteworthy changes. The world economy has recovered and is picking up. Developed Western countries are optimistic about a new period of growth. The establishment of the new World Trade Organization [WTO] represents the formation of a unified global market. In order to protect the interests of countries in each region, regional trade organizations are being established on each of the five continents. This shows the interdependence of the world economy and this interdependence is being strengthened rather than weakened. Similarly, competition among countries is also intensifying. In order to be able to play an active role in the 21st century, all countries are readjusting their policies, stepping up their reform, promoting technological progress, and rallying their forces in readiness to fight a new

economic battle. What attitudes and measures should we adopt in all this? We have invited experts and scholars who have done long years of research into the world economy and trade and made great contributions in this regard to give their views. We hope that this will arouse the interests of readers, and help them open their eyes to the whole world and be better prepared for the future. [end editor's note]

Chen Baosen [7115 1405 2773] (Researcher of the Institute of American Studies, Chinese Academy of Social Sciences; expert on the American economy; major works include *The American Economy and Government Policies—From Roosevelt to Reagan*): The distinctive characteristic of the present world trade setup is that global trade liberalization and regional trade liberalization advance side by side and that both have made significant headway through negotiations in 1994. The headway made in global trade liberalization can be seen in the Uruguay Round Final Accord, which was ratified by the member states before the end of the year. The headway made in regional trade liberalization can be seen in the three important conferences held just before the end of the year, namely, the informal Asia-Pacific Economic Cooperation [APEC] Summit, the European Union Summit and the Summit of American States, which set the goals for the promotion of regional liberalization and the expansion of regional integration.

The Uruguay Round of talks was an arduous task but accord was ultimately reached, suggesting that countries the world over have come to realize that in the world economy today, they must depend on one another to help and benefit one another and that they will suffer together if each tries to benefit itself at others' expense. Developed countries need the manpower and material resources of developing countries and developing countries need the funds and technologies of developed countries, while developed countries need one another's markets. This is the objective basis of global trade liberalization.

Regional trade liberalization suggests the intensification of trade competition between the three major economic triangles and that regional trade protectionism is gaining ground. The essence of regional integration is to rely on defensive tactics as a means of attack. The idea is to make use of one's own geopolitical advantage to consolidate one's position before making use of the strength of the group to expand one's influence.

The country which stands to benefit most from the two trade liberalizations is the United States.

Through the Uruguay Round of Talks, the United States secured benefits in the marketing of farm produce and services and intellectual property rights, as well as trade-related investment measures. These are benefits which the United States has been striving to achieve for many years. The strategic objective of the United States has been to promote multilateral negotiations through bilateral negotiations. The reason is that it is often impossible

to reach agreement through multilateral negotiations. By seeking agreements on issues in bilateral negotiations and using the agreements already reached as their stake, they can make multilateral negotiations work. This has long been the policy objective of the United States, and now the objective has been realized. On the other hand, the United States has also won the initiative in the informal APEC Summit and the Summit of American states, which has pushed Japan into a passive position in regional integration.

This offensive stance taken by the United States in international trade is the Clinton administration's policy of activism on the international front. The difference between Clinton's foreign trade policy and those of the Reagan and Bush administrations is the emphasis on state intervention. Another difference is that it combines trade development with the recovery of the American economy. Thus, while paying attention to the domestic economy, he also accords importance to the promotion of trade liberalization in foreign affairs. We can say that he has scored some marks in this respect. However, the policy of intimidation he has adopted in the trade talks has met with resistance from many countries. Japanese-U.S. trade is an obvious case in point. Linking trade development with the revival of the U.S. economy and increasing state intervention in trade are key points that we must perceive in trying to understand Clinton's trade policy. They are also important points that we must pay attention to in observing the developments and changes in Sino-U.S. trade relations.

There were major conflicts of interests among developed countries as well as major conflicts of interests between developed and developing countries during the Uruguay Round of Talks. This was particularly the case in the service trades and trade-related investment measures, with developed countries, particularly the United States, doing everything in their power to open financial and insurance markets, set limits on the indigenization rate, and shorten the period of transition in developing countries. This effectively made it impossible for the backward countries, where the level of industrialization was low and the financial and insurance sectors were underdeveloped, to compete. In order to reduce the advantage enjoyed by developing countries in the cost of labor, countries like the United States and France called for drawing up a minimum wage and environmental protection requirements which were obviously too much for developing countries at the present stage. These conflicts of interests had not been completely resolved during the Uruguay Round of Talks and sowed the seeds of conflict in the newly-established WTO. These conflicts of interests between developed and developing countries are also important points which must not be overlooked in our observation of Sino-U.S. economic and trade relations.

The distinctive feature of the developing Sino-U.S. trade relations is to advance amid friction. On the one hand, there are endless troubles while, on the other hand,

bilateral trade and investment are growing rapidly. This is because there are mutual needs and the needs are highly complementary: The development of bilateral economic and trade relations is indispensable to the invigoration of the U.S. economy as well as the Chinese economy. At the same time, the United States is apprehensive of a rapidly rising China, both on the political and economic levels. It is also afraid of the emergence of another Japan. I had a chat with a comrade who recently returned from the European Community. He said Chinese export commodities were selling like hot cakes there. In European markets, everyone is buying China-made 33-inch color television sets because they are cheap. Chinese hi-fi systems only cost one-fifth of the price of similar foreign products. When people give each other presents at Christmas, all gifts given to children are Chinese products. Many Chinese products are sold out as soon as they are put on the shelves and companies are rushing to China to place new orders. China's foreign trade volume is now rapidly moving up from 11th to the 10th in the world. China's latest foreign trade figure is \$236.7 billion. This is an important reason why the Americans asked such a high price in negotiations on China's reentry into GATT.

The Americans asked too high a price on the question of China's reentry into GATT and we must stick to the principle of not sacrificing the fundamental interests of our country. The monetary crisis which recently took place in Mexico is a good lesson. Mexico is moving too fast in its trade liberalization, as a result of which its adverse trade balance continues to grow, jumping from just over \$10 billion to over \$25 billion, and all sorts of problems follow. This should serve as a grave warning to us.

Feng Zhaokui [7458 2507 1145] (Deputy director and researcher at the Institute of Japanese Studies, Chinese Academy of Social Sciences; has been engaged in Japanese studies for many years; has written *Talks on Economics, Science, and Technology, Japan's Economy and China's Reform* (co-author) and other books): Sino-Japanese trade has been growing fairly rapidly. Commodity exports account for an increasing proportion of exports to Japan and changes favorable to China have occurred in the Sino-Japanese trade structure. The reasons are as follows: First, the appreciation of the Japanese yen has meant greater competitiveness for imported products. Second, since Japan is hit by an economic depression and its bubble economy is falling apart, there is a tendency for consumers to spend more rationally. When the bubble economy was expanding, there was high spending in Japan and everyone was buying brand-name and upmarket goods. The present tendency is to buy commodities at "affordable prices." This is favorable to our exports. Third, Japanese joint-venture enterprises in China are selling their products back to Japan. This accounts for an important part of China's exports to

Japan. This is particularly noteworthy because Sino-Japanese joint-venture enterprises understand the Japanese market and can produce goods that are suitable to the Japanese market.

Many of the garments sold on the Japanese market are made in China. There are talks in Japan about "price sabotage." What this means is that the flooding of cheap imports into Japan has brought pressure to bear on Japanese enterprises, forcing them to lower their prices. Of course, this is good news for Japanese consumers but for producers and enterprises, this means less income. My feeling is that this "price sabotage" could well be creative sabotage and could give an impetus to the restructuring of the Japanese economy.

Japanese exports to China are also growing. The reason is that with its economy growing at a fast speed, China needs a lot of imported goods and many of Japan's joint-venture enterprises in China need to import products, equipment, and spare parts from Japan. Moreover, despite the appreciation of the Japanese yen, the efforts made by Japanese enterprises to rationalize their operations are impressive. Although the Japanese have been making the complaint that "the appreciation of the yen has made it impossible for Japanese enterprises to survive," there is still room for rationalization and their ability to "digest" and "resist" the effects of the appreciation of the yen is still strong. Japan's exports were still growing in 1994. The appreciation of the yen affects export enterprises but brings benefits to import enterprises, as it lowers the price of imported raw materials and of energy.

What needs to be done in the furtherance of economic and trade relations between China and Japan is to make use of the appreciation of the yen and the tendency toward rationalization to further expand the Japanese market. In my opinion, the trade friction between Japan and the United States is an opportunity for us, in a sense. The appreciation of the yen has opened the doors of the Japanese market, giving us an opportunity to move in.

Direct investment and the shift of production bases from Japan to China give us a good opportunity as they enable us to absorb technology from Japan. I do not think that we have done enough in absorbing other people's technology. We were only interested in their money and have not taken the opportunity to learn their technology. We can say that direct investment is technology transfer in a broader sense than technology trade and patents. When the Japanese set up factories in China, there are all sorts of opportunities for us to learn from them. We are not paying any attention to this. We only pay attention to foreign investment, the more the better. When foreign investment comes and joint-venture enterprises are established, how should we make use of the opportunity to learn the production techniques of the foreign investors, including concrete technologies and some of their

fine technological traditions? For example, a good Japanese tradition is their attention to the place of production. This is precisely our weak point. Some say that to a country's economy, the place of production is like a person's "waist and legs."

The entry of assembly plants into the country has brought with it spare parts enterprises. These enterprises also buy cheap spare parts from other developing countries. The entry of the spare parts industry is another good opportunity for us because an important foundation for a country's industry is that it must have an advanced group of spare parts enterprises. When these enterprises can master the relevant skills they can develop a comprehensive technical system. We must grasp this opportunity.

Further, it is necessary to strengthen exchanges between China and Japan in the circulation sphere. Our circulation system is very backward and our circulation structure is very irrational. Enterprises make a lot of efforts to produce products but do not make much money. However, speculation in the sphere of circulation can enable one to make a lot of money. There is also a similar problem in foreign trade. We should strengthen cooperation in the circulation sphere and learn the advanced techniques and managerial skills of foreign countries in this respect.

Su Zhenxing [5685 2182 5281] (Director of the Institute of Latin American Studies, Chinese Academy of Social Sciences; vice-president of the Latin America Society of China; researcher; supervisor of doctoral candidates; editor of Volume 3 of *A History of Latin America* and other books; has written profusely on Latin America): What has attracted worldwide attention in developments in Latin America in recent years is the regional integration movement. The following are some of the major developments in 1994. NAFTA took off early in the year and Mexico is a member of this group. The Southern Common Market formed by Argentina, Brazil, Uruguay, and Paraguay, in accordance with an agreement reached in 1994, was officially launched on 1 January this year. Subsequently, the five nations of the Andean Group established a tariff union on 1 February. The Trio Group of Mexico, Venezuela and Columbia also established a free trade zone. In addition, there is the Association of Caribbean States formed by the Central America Common Market, the Caribbean Common Market, and the Trio Group. This association has 37 member states, including 25 independent countries and 12 regions. Although this association is not an organization directly engaged in trade integration, its objective is to establish a free trade zone. Though primarily an organization for coordination and cooperation, its gradual objective is to form a free trade zone. With more than 30 bilateral and multilateral trade agreements already having been signed between various Latin American states, there is something of each in the other between different groups as they press forward side by side.

Centering round free trade, internal trade in Latin America has registered annual increases of over 20 percent, with a high of 30 percent, in recent years. Internal trade within the Southern Common Market totaled \$10 billion during the past three years.

The most important development in regional integration in Latin America is that the OAS Summit held at the end of last year put the establishment of the American Free Trade Zone on its agenda, and resolved that negotiations should be completed by the year 2005.

Trade liberalization has seen rapid progress. Chile was the first Latin American state to embark on the reform of its trade system. It had a tariff rate of 20 percent when reform commenced in 1973 and a 10 percent uniform tariff was adopted at the end of 1992. In Bolivia, tariffs were at 150 percent when reform started in 1985. At the end of 1992, tariff rates ranged from a high of 12 percent to a low of 7 percent. Brazil, with its 21 percent tariff, has the highest average tariff in Latin America today. Non-tariff restrictions have for the most part been lifted. Thus, the Latin American market is opening fast.

Development of trade relations between China and Latin America has always been slow. In 1979, bilateral trade exceeded \$1 billion for the first time. In the 1980's, trade between China and Latin America saw more rapid growth. Total bilateral trade exceeded \$20 billion during the decade, an average of over \$2 billion a year.

Why did trade between China and Latin America grow so rapidly during the 1980's, which were the most difficult times in the postwar Latin American economy? This was because the Latin American economies were recovering and growing at a steady pace, while China was on the decline, and the political situation was relatively stable. A more important reason was that under the policy of reform and opening up, China was more positive and active in opening up the Latin American market.

The 1990's have seen a more vigorous momentum of growth in trade between China and Latin America. Bilateral trade in 1993 exceeded \$3.7 billion, with Chinese imports totaling \$1.93 billion and exports totaling \$1.776 billion. However, this scale of trade does not reflect the economic strength and foreign trade capability of the two sides, because the abovementioned figures on imports and exports only accounted for 1.86 and 1.93 percent respectively of China's total imports and exports in the year in question. For Latin America, the proportions were even smaller, making up only 1.2 and 1.45 percent of their respective totals. There is still ample room for development.

The Chinese and Latin America economies are both looking good. Both have witnessed a rapid growth in trade and have a strong desire to expand trade. We can say that there are many favorable factors for further development. However, international contention for the fledgling Latin American market is also unprecedentedly

keen. Since the establishment of NAFTA, the United States has been working on the establishment of a free trade zone for the western hemisphere. The European Union has also substantially increased its investment and trade in Latin America in recent months and has proposed a plan to establish a free trade zone in conjunction with the Southern Common Market. Japan and some other Asian countries and regions have also out-paced China in developing the Latin American market.

In order to achieve market pluralization in foreign trade, Latin America is no doubt a major area to work on.

Zhou Shijian [0719 0013 0313] interpolated: Latin America and New Zealand-Australia are our weak spots in foreign trade. Latin America accounts for 1.89 percent of our foreign trade, while Oceania only accounts for 1.83 percent.

Su Zhenxing: Why is it that we have not been able to boost trade between China and Latin America? In my opinion, there are several problems which need to be resolved.

Since the beginning of reform and opening up, we have dispatched many trade delegations to Latin America. Sales exhibitions have been held everywhere but most of them were done piecemeal by small merchants and some of them were no more than street stalls this was detrimental to China's image. We should export more mechanical and electrical products to Latin America because, after 10 years of crisis, investment is declining in Latin America. Equipment there is becoming antiquated and needs replacement. The Latin Americans are not partial to the European or American market and are willing to order from Asia where products are cheap but excellent. However, even our export of mechanical and electrical products to the Latin American market is done piecemeal, with poor maintenance and no spare parts to offer. Hence, no big business has been forthcoming.

Also, we do not have any financial relations with Latin America. We have no banks there. Without guarantees provided by banks, how can big business be done?

Hence, in order to seize and enlarge the Latin American market, we should learn from Japan and establish big trading companies. This way marketing networks, market information, maintenance services, long-haul transportation, and other problems can be readily solved. In short, unless we observe economy of scale and establish financial relations, it will not be possible to boost trade.

Gu Yuanyang [6253 3293 3152] (Director, researcher, and supervisor of doctoral candidates at the Institute of Economics and Politics, Chinese Academy of Social Sciences): In my opinion, the following aspects of the international trade pattern are quite clear:

As the economic environment improves, international trade will enter a new round of upturn. The reason for this is that economic growth in most countries is export-pushed.

Regional trade is becoming increasingly active.

Trade in services has seen rapid growth but countries of the world have not slackened their production and export of manufactured goods. In order to encourage exports, developed countries have increased export financing to developing countries. Japan and the United States have both increased their export financing to Asian countries. An increasing number of countries have accepted the free trade principle, which is conducive to the promotion of international trade. As exchanges between different countries in international trade become more frequent, trade friction will escalate and this will lead to trade wars. This has been the case between China and the United States and between the United States and Japan.

The status of developing countries in international trade is on the rise.

Since the 1990's, international trade has been fluctuating with the rise and fall of the world economy. Between 1990 and 1993, international trade showed sluggish growth because of the worldwide economic recession. The year 1994 was a year which saw a fundamental turn for the better in the world economy, with international trade growing at a rate of 7.2 percent, exceeding the 5 percent average growth of the past 20 years.

Based on an analysis of different signs, further improvements can be expected in 1995, with the annual economic growth rate expected to reach 3.7 percent. Balanced growth will be achieved in the developed economies, with the economic growth rate of the Group of Seven (G-7) estimated to be between 2.5 and 3 percent. The developing economies will continue to maintain their high growth rates, with the average increasing from last year's 5.5 percent to this year's 5.8 to 6 percent. Economies in transition will show varying degrees of improvement. Thus, judging by economic growth and the closeness of trade relations, growth in international trade in 1995 is expected to exceed 8 percent. Foreign trade growth in developing countries may even approach or attain double figures.

Seen from the situation in the previous years, an increasing number of developing countries are willing to accept the free trade principle. Important events such as the signing of the "Uruguay Round Final Accord," the passage of the "Bogor Declaration" by APEC, and the convocation of the OAS Summit, are indications of this development. What merits attention is that when talking about the free trade principle, developing countries stress the need for developed countries to open their markets first.

Due to their comprehensive economic recovery and the saturation of their own markets, developed countries are paying more and more attention to the opening of markets in developing countries. This phenomenon is worthy of attention.

What particularly needs to be pointed out is that developing countries are no longer producers and exporters of agricultural, mineral, and raw materials but have, rather, become important world bases for the production and export of manufactured goods. At present, 25 percent of the world exports of manufactured goods come from developing countries. The increase in the export of manufactured goods by developing countries is the outcome of the readjustment of their industrial structures. This trend has been developing. The finite nature of the global market highlights the fact that the scramble for market is a "zero-sum game," that is, a rise on your part means a drop on my part. This explains the escalating economic and trade friction between the United States, Japan, and Europe. On the other hand, economic growth and strong exports on the part of developing countries have raised fears among developed countries, giving rise to talk in the West about "the Third World threat."

Compared with the United States and Japan, Europe seems less competitive. Viewed from this angle, I think that the West, particularly the European nations, will go on creating new trade obstacles against developing countries.

Zhou Shijian (Deputy director and associate professor of the Institute of International Trade, Ministry of Foreign Economic Cooperation and Trade; has been engaged in research on international trade and economic and trade relations between China and the United States for a long time; has written *The U.S. Economy and Sino-U.S. Trade*): The most distinctive feature of the world trade pattern since the 1990's is that the importance of developing countries in world trade has been on the rise, the most notable of which are in East Asia. Between 1990 and 1993, world trade grew at an average annual rate of 3.9 percent, while growth of foreign trade in East Asia reached 13 percent (excluding Japan).

Another point is that of the 15 leading trading countries and regions in the world in 1993, six were in East Asia. The seven leading trading countries in Europe accounted for 45.8 percent of the total volume of world trade (the total for the 15 countries being 100 percent); the six countries and regions in East Asia accounted for 29.3 percent; while the two countries in North America accounted for 24.9 percent. In other words, development in East Asia looks good. This is a salient feature of the trade pattern. China's importance in foreign trade is on the rise, ranking 11th in the world. According to 1994 figures, China may still be in 11th place but pushing close to 10th.

China's total imports and exports doubled from \$115.4 billion to \$236.7 billion between 1990 and 1994. Foreign trade reached a new stage in 1994 and the situation is gratifying. China's exports doubled in five years from \$62.1 billion to \$121 billion, growing 16.9 percent in 1990, 15.6 percent in 1991, 18.4 percent in 1992, 8 percent in 1993, and 31.9 percent in 1994. The average growth in exports over the five-year period was 18.76

percent. One must admit that this is a leap forward in the rate of growth. Our average economic growth rate during these five years was 14.1 percent. What happened during these five years demonstrated the wisdom of what the Central Committee had said, that growth in foreign trade must exceed economic growth; in other words, that we should rely on foreign trade to bring along the development of the country's economy.

Let us now take a look at world trade, which is in quite the opposite situation. World trade grew by 7 percent in 1989, 4.9 percent in 1990, 3.7 percent in 1991, 4.5 percent in 1992, 2.5 percent in 1993, and 7 percent in 1994. These figures refer to trade volumes.

Judging from the above figures, China's foreign trade has indeed been growing rapidly. The following are some of the favorable factors before us:

The first favorable factor is that the rapid development of the domestic economy has created the necessary material conditions for foreign trade and exports, particularly in the form of manufactured goods. In 1993, China's exports to the United States accounted for 5.4 percent of total U.S. imports. Today, most medium- and low-grade goods on the American market bear the "made in China" label. For example, our watches are novel in design and affordable in price. Selling at \$20 to \$30 apiece, they are suitable for children. Chinese watches now have a 40 percent market share of imported watches in the United States. The rapid development of the Chinese economy creates favorable material conditions for foreign trade and exports.

The second favorable factor is that the foreign trade system has been gradually put in order. After the three major steps of breaking monopolies, doing away with subsidies, and merging the exchange rates, the foreign trade system has started the fourth step of reform, namely, economy of scale. The breaking up of monopolies during the first stage eliminated the situation where the dozen or so foreign trade corporations could dictate things. It broke the centralized control of the Ministry of Foreign Trade, and aroused the enthusiasm of the localities, the nonforeign trade departments, as well as the industrial departments. A unified exchange rate was achieved in early 1994 and we are now moving into the economy of scale. Since 1994, the quotas on foreign exchange earnings to be handed over by state-owned foreign trade companies to the state have been lifted. This has aroused the enthusiasm of foreign trade companies and put state-owned foreign trade enterprises on the same starting line as foreign-invested enterprises in competition. These are two very important favorable factors. Another favorable factor is the strengthening of management by specialized chambers of commerce.

What I want to emphasize in particular is that the development of China's foreign trade, especially its exports, relies mainly on domestic factors rather than international factors. Why? One only needs to take a look at the time when all this happened. Between 1990

and 1993 when the world economy was in recession, China made an unprecedented leap in its foreign trade. Why? Because our domestic policies were correct. Moreover, our export product mix comprised medium- and low-grade products. When other countries were hit by economic crises, people who used to make a lot of money were making less, those who used to make some money no longer made any money, and those who used to buy upmarket goods could only afford medium- and low-grade products. China's medium- and low-grade products were just what they wanted. Hence, people often talked about the economic situation in foreign countries when analyzing China's foreign trade situation. Economic development in other countries does affect China's foreign trade in some ways but the effect is not that great. Whether or not China's foreign trade can develop depends mainly on its domestic policies and not on other countries, that is, on exports. Our economy is export-pushed. Without a considerable volume of exports, there will not be any economic development or foreign exchange earnings.

Another favorable factor is that the West's economy recovered last year and the world economy is steadily growing. This is favorable to our exports of manufactured goods.

Despite the excellent situation, there are also considerable difficulties in our development of foreign trade. First, inflation has offset the benefits brought about by the merging of exchange rates. Between January and October 1994, average swap costs increased to 8.48 yuan from 6.42 yuan in 1993. On 9 January this year, the exchange rate was 8.44 yuan (bank posted rate). This has a considerable effect on exports.

The second difficulty is that tax rebates are low. Many foreign companies are suing us for dumping. Many of our foreign trade companies are not making money in their exports and their profits come from tax rebates. Tax rebates are necessary. In the past, our country had, for a long time, been unable to boost the sale of its mechanical and electrical products and we did not know why. Our labor is so cheap but our machine tools are selling at a much higher price than American products. The Americans said that it was our taxation policy that was hampering our exports. Our taxation policy encouraged the export of raw materials such as crude oil, soy beans and rice, which only required a single levying of tax. More complicated products are taxed many times. Since tax is levied every time a product leaves a factory, the price of the final product is high. According to international practice, products whose value is realized overseas are not taxed at home. Thus, low tax rebates restrict the development of the export trade.

The third difficulty is the shortage of funds. Bank funds are now placed under strict control. In order to make bulk purchases for exports, bank loans are needed. The problem of strict control by banks is that there will be no money for purchases. This is a prominent problem.

The fourth difficulty is that natural disasters which hit some provinces in 1994 have affected the production of farm and sideline products as well as the production of manufactured goods which use farm and sideline products as raw materials.

On the international level, there are two problems: First, our efforts to regain reentry into GATT have met with obstacles. Second, the number of antidumping cases is rapidly growing. Since the charge filed by the European Community in 1979 against our soluble saccharin and alarm clocks, the number of such cases had reached 204 by the end of last year, or about one-tenth the total number of antidumping cases in the world. Of these, 138, or 67 percent, have occurred since 1990. The countries which filed charges against us mainly included the European Community countries, the United States, Australia, and Canada, as well as some developing countries. Antidumping and countervailing are clauses written into the GATT Articles. Since they are legal and easy to implement, they can effectively shut out the import of foreign products but will not easily invite retaliation. For this reason, antidumping and countervailing have been frequently employed by developed countries as an effective weapon against enlarged exports by developing countries. In this respect, the subjective reason is that our goods are selling at a low price. The objective reason is that as the volume of export increases, friction is bound to grow. Before 1979, no one filed any charges against China because the volume of its exports was small, totaling merely \$13.6 billion. When your exports grow and cut into the markets of others, there will be friction. It is a case of "double loss" when a country is charged with dumping: You are charged with selling goods too cheap and you have to pay legal fees. Blatant protectionism abroad has increased our difficulties in trying to increase exports.

These are the opportunities and challenges confronting China in foreign trade and export.

Li Cong [2621 3827] (Researcher and supervisor of doctoral candidates, Institute of World Economics and Politics, Chinese Academy of Social Sciences; editor of *On Contemporary Capitalism*; has written *On the Third World* and other books): Since the end of the Cold War, economic interests have been occupying an increasingly more important position and playing a more important role in international relations. The contest of economic strength has its focus on foreign trade and the battlefield has been shifted to the market.

Developed and developing countries alike all set great store by foreign trade, which in a broader sense means the expansion of foreign economic relations. They have all raised their understanding of the importance of foreign trade to a new height. Take the United States, a leading country in foreign trade, as an example. It puts special emphasis on foreign trade and regards it as an important aspect in the invigoration of its economy. The same is true with developing countries. Turning away

from their policy of making "import substitutes," they now tend to face the international market and enlarge foreign trade. In my opinion, this tendency will be intensified in future.

The development of foreign trade is picking up speed. While trade has been growing every year, there has been a slowing down in the rate of growth in recent years. The reason is that the West has been hit by crisis and recession. The growth rate reached 7 percent in 1994 because of the economic recovery. In future, as long as the economy shows normal growth, trade will always set the pace. This will probably be the future trend.

Why do things develop this way? In my opinion, one of the reasons is that all types of countries are practicing the policy of trade liberalization to some extent. The Latin American countries, for instance, have lowered their tariffs, liberalized their foreign exchange, and deregulated control to encourage exports.

In addition, the trends of regionalization of economic and trade relations and regional integration are gaining strength. Regional trade growth exceeds that of world trade as a whole and this is the case all over, be it the EC or NAFTA. Even in Asia, which has not yet formed its own group, the trend is that regional trade outgrows world trade. This is because liberalization has already been practiced in the region.

Another development trend is the upgrading of the trade structure. What I mean by this is that the product mix will be improved and upgraded. For developed countries, this means that their hi-tech products will be accorded a more important place. Of course, market competition is also intense for traditional products such as automobiles and iron and steel and these products have their markets to seize. However, the more important thing is that the high technology, information, and other markets also have to be seized. We used to think that developing countries only exported primary products but now the share of primary products in the export structure is becoming smaller and smaller. This is also the case in China. It was not that long ago that primary products made up the bulk of our exports but now manufactured goods account for 80 percent of exports. Of course, there is a difference between high-grade and low-grade manufactured goods but then it is already quite a change. In 1960 manufactured goods accounted for a mere 5 percent of the exports of all developing countries, now they account for over 60 percent. The product mix as a whole has been upgraded.

Apart from the increase in the export of commodities, labor services are also expanding. For instance, tourism earns the United States \$77 billion in annual revenue. The United States has an adverse balance in its trade in commodities but a favorable balance in labor services. They are its strong item. The small European countries are also doing well in tourism. In China, revenue from tourism only amounts to about 7 billion yuan but the potential is great.

Su Zhenxing: There is a strange phenomenon. Charges at our tourist spots are becoming increasingly more horrendous whereas, in Italy, places of historic interest in Rome and the Vatican are free of charge but their revenue from tourism exceeds ours.

Li Cong: I have also come across some foreigners who are here on visits and they have much to say about this. They do not understand why we have gardens within gardens and toll gates after toll gates.

Li Changjiu [2621 7022 0036] (Senior editor of XINHUA News Agency; major writings include *200 Years of Sino-U.S. Relations* and co-author of *Reagan*): How should we look at the opportunities and challenges presented by the international environment to China? LIAOWANG is devoting considerable space to reflect the views of everyone present here. I hope that people who read this group of articles will come to understand that this is indeed an opportunity for China but it also presents the grim challenge, that not everything is rosy and golden. I wonder whether our recent publicity of China's position and role has been somewhat exaggerated. Last year the world's GNP was \$26,000 billion and ours was about \$500 billion, just a little over 2 percent. We have a population of 1.2 billion, or 20 percent of the world's total of 5.6 billion. Our export volume ranks 10th in the world. Our population is so large and the proportion of our economy in the world is so small, yet our economy has been compared to the locomotive of the world economy and the Asian economy. Is our role really so important?

We must see the grim challenge that is confronting us. Our exports exceeded \$110 billion last year but 37 percent were realized by foreign-invested enterprises, 80 percent of which are funded by Hong Kong and Taiwan capital. Most Hong Kong and Taiwan funds are short-term investment, small in amount and intended for quick returns. How useful will they be to our readjustment of the industrial structure?

We have a lot of foreign funds coming in now. Is it really true that the more funds there are the better it is? How useful will they be in the readjustment of our industrial structure and the regional distribution of our industries?

Zhou Shijian interpolated: These questions are precisely the issues we are looking into now.

Li Changjiu: These questions are worth looking into. Particularly worth noting is that China's education and science and technology are lagging seriously behind, a situation which will lead to grave consequences. Our investment in education totaled \$50 billion by 1993, about 2 percent of our GNP. The figure is 5.7 percent in developed countries, 4.4 percent in medium-developed countries, and 2.6 percent in developing countries. Our level is below the average developing country.

For many years, we regarded investment in education as investment of a consumption or welfare nature, not as

capital construction investment. A reflection of the shortfall in investment in education over the years in the general quality of people is that the level of their general knowledge and their technical know-how have gone down rather than up. According to 1990 statistics, China had an illiterate and semi-illiterate population of 180 million and another 420 million who had reached primary six standard. Together they made up 600 million or 53 percent of China's total population. On average, people over 12 years of age had 5.5 years of schooling, not even finishing primary six. Only 0.57 percent of the total number of staff and workers of township enterprises had university education or above.

Let us compare the quality of our people with those in Japan: Japan introduced compulsory junior secondary school education in 1948 and compulsory senior secondary school education in 1976, with 40 percent of students then going on to study in university. The future economy will increasingly be a competition of knowledge and technology. What should we do? Our investment in research and development is seriously lagging behind. In developed countries, investment in research and development accounts for about 3 percent of GNP. In Korea, such investment accounted for 0.8 percent in 1980, increasing to 2.1 percent in 1991, and should reach 5 percent before the end of this century. In our country, the figure has remained at about 0.7 to 0.72 percent for the past 20 years. Shortfalls in these two respects have resulted in poor overall economic performance and efficiency at present. According to figures provided by a Qinghua University professor, the overall quality of our products is 10 to 15 years behind that of developed countries. Among our key iron and steel enterprises with equipment equivalent to international advanced standards of the early 1980's, 23.8 percent are steel smelting works and 16.5 percent are steel rolling works.

Labor efficiency is low. The materialized labor productivity of steel in our country is 20 to 40 tonne per capita, while the world average is 500 to 800 tonne. In the automobile industry, our staff and workers produce 0.24 vehicles annually, while their counterparts in Japan and America produced 17 vehicles and 13 vehicles respectively on average. What a gap in labor productivity!

The industrial structure is backward and production and marketing are not suited to the actual needs. At the end of 1993, we had inventories valued at 330 billion yuan, accounting for over 10 percent of our GNP. In the West, increases and declines in inventories are seen as barometers of the economic situation. Is there any developed country which has as high a percentage of excessive inventories as ours?

The quality of our products is low. The State Bureau for Technological Supervision conducted sample checks on 2,688 varieties of products in 1993 and 70 percent of the sampled products were found to be satisfactory. That figure was the lowest ever.

For many years, people in our country have been debating whether the international situation and economic and trade developments in the world are an opportunity or a challenge to us. As I see it, there is no need to debate the issue. We should see that the opportunity is indeed precious but the challenge is also stern. We cannot be blindly optimistic. Rather, we must work conscientiously and must not be halfhearted or impetuous. Only in this way will we be able to truly grasp the opportunity.

Qiu Yuanlun [5941 0337 0243] (Director and researcher of the Institute of European Studies, Chinese Academy of Social Sciences; has been engaged in research on Germany for many years; works include *The Steadily Developing Federal German Economy*): I visited Europe, and Germany in particular, last October. I will say a few words in this connection.

First, the basis of our dialog with European countries has changed. In the past, Europe regarded the majority of Asian countries as suppliers of raw materials. In a broad sense, raw materials include primary processed goods. Now they regard us as equal partners. It is true that this reflects our rising status but it also implies that they will place more, higher, and tougher demands on us.

Second, Europe hopes to institutionize dialog with China in economic and trade relations. Economic and trade dialogs between North America and Asia are conducted through APEC, while dialog between North America and Europe is conducted through the G-7 Summit. If we draw a triangle, with the United States at the apex and Europe and Japan at each end of the base, the lines between the United States and Europe and between the United States and Asia will definitely be wider and thicker than the base line between Europe and Asia. Moreover, there are no fixed links between Europe and Asia. Hence, I think that China should play an active part in any system of dialog. At present, Europe is putting its main energies into dialog with the ASEAN countries. In addition to participation in collective dialog, China should also strengthen dialog with the major European countries.

Third, since 1993, major countries in Europe have, without exception, put forward a so-called New Asian Policy, putting greater stress than ever before on Asia. However, they were also quick to point out that China should not misinterpret this as a sign that Germany and Europe had shifted the focus of their foreign policies. They have increased their attention to Asia and to China but this does not mean that Europe and Germany have changed their foreign policy priorities. For Germany, the priorities have always been as follows: The European Union, the United States, the former Soviet Union and Eastern Europe, and then the rest of the world. Imports from Asia account for less than 15 percent of the total imports of the European Union (12 countries) and investment in Asia accounts for less than 5 percent of the total. Hence, Europe has a relatively small economic presence in Asia.

Considering that the East European economy is improving and Western Europe has far deeper emotional attachment to and far greater interest in Eastern Europe than in Asia, we have to work really hard on this area in the future.

Fourth, the priority of the China policy for European countries is to develop economic relations but, of course, economic relations are not all there is to it. We are also concerned about armament control, environmental protection, and human rights. We cannot overlook this. The Director of the Center of Asian Studies in Hamburg told me that when the living standards of the Chinese people reach the present level in Europe, the pollution of the world's environment will be three times more serious. While the truth of what he said is debatable, the environmental problem should indeed arouse our concern.

Fifth, we should strengthen our legal system and pay more attention to China's overall image. Some of my German friends told me: Your country has drafted many laws, which is good, but the more important thing is law enforcement. Laws are not always enforced in China and this is what's stopping us from going there. There are also cultural gaps between us. What they are referring to here are cultural gaps in the broad sense. For example, Europeans, particularly Germans, understand the Chinese preoccupation with making money but they find it "extraordinary" that the Chinese should be so unscrupulous in their endeavors to make money. They are also worried about the possible impact of the old networks in China on their business prospects.

*Article Views Foreign Technology Import Process

95CE0255A Beijing JINGJI GUANLI [ECONOMIC MANAGEMENT] in Chinese No 12, 5 Dec 94 pp 7-10

[Article by Wu Qiang (0702 1730): "Several Points to Consider For Improving Technology Import Strategy: Drawing Inspiration From the 'Hua Lu Model'"]

[FBIS Translated Text] Importing foreign advanced technology to promote China's industrial development and upgrading has been one of the basic ideas behind China's industrial development since the implementation of reform. Since China first proposed reform and opening, it has signed over 5,600 technology import contracts with foreign countries, with a total contracted amount of over \$40 billion. The import scale is listed first among the developing countries, and plays an important role in promoting economic development in China. However, in our technology importing, there are a large number of duplications, an uneconomical phenomenon. Imports of color TVs, refrigerators, automobiles, etc., are all listed among the technology imports, which causes a considerable amount of waste in both wealth and production ability, and leaves some unused. During the period of the Eighth Five-Year Plan, to counter such problems as duplicate imports in the electronics industry, duplicate construction, and lack of

production and self-development capacities in major industry, under the direct leadership of the State Council, the rebuilding of imported VCR technology, and digestion, absorption, and "integration" nationwide was listed as a nationally important technology import and rebuilding projects. In addition, starting from reform of the investment system and regulation of the organizational structure, there was a decision to focus on building a specialized big production enterprise to produce key peripherals for the country's VCR products, such as magnetic heads, magnetic drums, and VCR wicks—the South China Hua Lu Electronics Corporation. After this corporation went into production, in order to master comprehensively and in a timely manner the most up-to-date technology and procedures of Japan Panasonic's VCR production, nearly a year of difficult negotiations produced, in June 1994, an agreement by the two sides to establish as a joint venture the China Hua Lu—Panasonic VCR Corporation Limited (hereinafter referred as "Hua Song").

I. Design and Implementation of the "Hua Lu Model"

1) The background of issuing the VCR special project.

After the color TV set, the VCR is another "popular" electronic product, in very great demand in both domestic and international markets. In recent years, the international VCR market has all along kept steadily at more than 40 million units, while domestic demand has also grown at a steady, double-digit rate. From the beginning of the 1980s, China began to develop VCR products; however, due to duplicative and scattered imports and development by each locality, for a long time there was no break in technology imports, with the result that the necessary production scale and competitive ability never formed here. At the end of the Seventh Five-Year Plan, China had a total of 11 specialized VCR manufacturers, affiliated to nine provinces and cities. These enterprises were all at the assembly level, with an annual output of no more than 150,000 units, far from what was needed to satisfy market demand. Some of the market was occupied by foreign products. Meanwhile, some areas were preparing to import technology independently during the term of the Eighth Five-Year Plan, forming their own domestic support system. If we did not adopt effective measures, this would inevitably form a new cycle of duplicate imports.

To counter the situation described above, the State Council decided to establish an annual production capacity of 1.5 million sets of VCR key parts by 1993 through importing technology at a high starting point based on existing domestic materials and technology, and by 1995 produce 3 million units annually, with a more than 70 percent domesticity rate. Meanwhile, there would be support for rebuilding a domestic VCR assembly production line, with breakthroughs on VCR industrial-scale production and product design and development technology, establishing a self-development and design system for China's VCR industry.

2) Basic methods and experiences for specialized importing.

A. Choose suitable opportunities and reach decisions scientifically and decisively. Based on analysis of the international VCR development situation, relevant State Council leaders reached two conclusions: First, VCR technology has become mature worldwide, so there would be Japanese, South Korean, and West German manufacturers to choose from; second, the international market for VCRs was tending toward saturation, so that the market amount was decreasing while still being stable, leaving a great deal of production capacity unused. In China, however, the VCR industry was in a rising phase with huge potential, so that foreign manufacturers all wished to find opportunities in the China market. Therefore, we could seize this opportunity by importing technology and developing our VCR industry from a high starting point. The facts prove that this judgement was correct.

B. The government provides powerful regulation with cooperation and support from every department. When it proposed special project regulation, the government changed the previous method of one industrial department being solely responsible; rather, they specially established a national VCR special project leading group, consisting of 19 departments, committees, bureaus, and offices involving each comprehensive department, industry responsible department, industry and commerce, finance and taxation, the customs, etc. They simplified procedures, strengthened coordination, and forcefully carried out national industrial policy while taking into consideration the interests of each area, linking them through common economic interest for concentrated nationwide superiority.

C. Strategy was applied appropriately, promoting foreign commercial competition. First, there was unification under one responsible department, associated with foreign manufacturers. The emphasis was on unified internal links: The China Hua Lu VCR Electronic Corporation Limited, which was established through joint stock investment by China's 11 VCR manufacturing enterprises, negotiated exclusively with foreign units for technology imports, strictly implementing the "four unified" principle, i.e., a unified policy oriented toward foreign units, a unified attitude regarding foreign units, unified technological requirements, and a unified timetable. Second, they skillfully applied negotiating strategy, integrating the true with the false. They aimed for a principal adversary, feigning contacts with other negotiating parties, which forced the principal adversary to make compromises. Third, they absorbed the technology comprehensively transferred by foreign units through a combination of technology and trade. Fourth, they persisted in the strategy of choosing different foreign units for comparison, which formed a sharply competitive situation among the foreign units. Fifth, they maximized the enthusiasm of localities, with unified coordination and implementation.

Because they chose the correct strategy, not only were the anticipated results obtained, import prices were reduced by nearly \$10 million from the initial foreign asking price, while the combination of technology and trade reduced the price for spare parts nearly 30 percent when compared with scattered imports.

3) Problems with specialized project imports.

Under unified government leadership, this was the first time for China to import advanced technology on such a concentrated scale. But it was inevitable that various problems would appear, due to such reasons as shortage of experience.

A. A tight negotiating schedule and incomplete advance knowledge of this technology resulted in a lack of specificity concerning some items in the contract, so that in the practical implementation of the contract, we had to conduct new negotiations with the foreign units on some details, and this made the negotiations more difficult. In addition, after making a decision concerning a single cooperating partner, the partner was actually in a monopoly position, so that in the coming cooperation, the phenomenon of "pride" will certainly appear.

B. Problems exist in the domestic supporting sets. One of these is that after importing facilities, there was a failure on the part of relevant enterprises to follow up on technology rebuilding, on raw materials in support of production, and on the quality of domestically produced peripherals, and this had a direct affect on domestic improvement. A second problem is that domestic enterprises lack the ability to digest and absorb imported technology for the development of new products, and this led to a need for continual mastery of the up-to-date international technology and product manufacturing technology; we had to give up a portion of our domestic market to exchange technology thorough joint ventures with foreign units. A third problem is that at present, the state does not have scientific and technological development policies and regulations which are aimed at joint venture enterprises, and this has affected scientific and technological development in joint venture enterprises.

C. When it comes to operations and management, enterprises are in a difficult position regarding product pricing and market division. In product pricing, since the Chinese stockholders consist of several domestic VCR assembly manufacturers, if in Hua Song's major products the price of VCR wicks is set too high, it will undoubtedly lower the profits of those stockholding manufacturers engaged in VCR assembly; if the wicks are priced too low, not only will the Japanese side disagree, it will also cause Chinese stockholding manufacturers to obtain very little profit from Hua Song. In addition, they will be unable to repay the loan for technology rebuilding and interest in establishing Hua Song. In market division, such reasons as seasonal fluctuation in the VCR market and the failure of manufacturers to reach production capacity may result in an insufficient demand for domestic wicks, affecting Hua

Song's economic efficiency. If Hua Song carries out machine assembly production based on wicks, it will inevitably form a marketing competition with the shareholding manufacturers.

II. Founding the "Hua Lu Model" Was a Magnificent Developmental Feat

The founding of China Hua Lu and Hua Song concentrated financial and human resources nationwide, with the import of advanced technology and facilities to reach scale production all at once through a high starting point, at a high level and high speed. Not only was there no predecessor in Chinese history to take as a model, there was no existing model in foreign countries to take as a reference. So it can be said to be a major innovative undertaking.

1) New measures in the investment system.

In order to avoid duplicating previous investments, with duplicated rebuilding, duplicated imports, and scattered construction, the State Council made a strategic decision to "concentrate force on a major undertaking". They chose a VCR project because of the product's great market demand, high product added value, strong technological content, and the fact that every locality regarded it as a "hot spot" which could be a breakthrough. It was proposed that the nation's VCR industry import the technology, digest and absorb it, and "integrate" it into their own rebuilding. In addition, beginning with regulation of the investment system and enterprise organizational structure, while promoting suitable rebuilding for manufacturing VCRs and selected supporting parts, there will be a focus on constructing the specialized major enterprise that produces the key part—China Hua Lu. The source of capital will be state VCR technology rebuilding special project loans, with each shareholding enterprise assuming these loans in its local bank according to its negotiated proportion of the investment, and remitting funds into the corporation's bank account according to the fund usage plan, carrying out the policy of using specific funds for specific purposes. This is a beneficial trial of concentrating capital, jointly building up specialized large-scale manufacturing enterprises at high starting point and in large batches; it is an important component of the electronic industry's regulation of its organizational structure and product mix, is appropriate to the market economy's competitive environment, develops toward a "large corporation strategy," and accomplishes the nation's developmental strategy, as it explores for new ways to prevent blind and duplicative construction.

2) Importing new facilities in complete sets.

The VCR is a technology and capital intensive, electronic product, and as such involves many scientific and varied production technologies and procedures. Only when we make technological breakthroughs on the development and manufacture of such key parts as machine

wicks, can we have a reliable hope of making comprehensive breakthroughs on VCR technology. Therefore, adhering to the principle of starting from a high point, with high technology and high efficiency, we imported the design and technical documents in whole sets; whole sets of instruments, facility usage and maintenance documents; whole sets of recognition and quality control documents; whole sets of model design documents; whole sets of production management documents; relevant patent documents, technology tricks and relevant technical standards; and the CAD/CAM software required for developing the product and a database.

3) Accelerated project construction.

As this project was implemented, the principle of "speed" was adhered to throughout, along with a stress on "excellence". The whole team worked together, coordinated closely, used uniform arrangements, and in less than five months, had built the largest main plant building in the Asian electronic industry. The speed at which the plant was built was not only number one in China, it was also something seldom seen in the world.

The three new measures listed above can be said to have resolved the problem of duplicate imports and duplicate construction which has bothered us for many years. After importing the technology, it was an effective alternative at that time to give up a part of the market in order to have a constant supply of the most up-to-date new technology and manufacturing procedures.

III. Some Thoughts on China's Technology Importing Strategy During the Term of the Ninth Five-Year Plan

The "Hua Lu model" created a new way of importing technology under market economy circumstances, and was based on summing up experiences and lessons gained from importing technology domestically and internationally. Its experience will have important supervisory significance for future technology importing. The suggestions it brings us are multifaceted. Looking forward to technology importing during the term of the Ninth Five-Year Plan, relevant departments must consider the following as they map import strategy:

1) Establish correct technology importing supervisory ideas.

If we look at the developing nations or areas which are trying to catch up economically and technically, technology importation can be the foundation leading to a higher technology level. Technology importation in a country or area means not merely purchasing the technology and facilities, but also means a huge support system to supply lasting efforts in accomplishing digestion, absorption, and creation. This support system involves many direct or indirect factors, the most important of which is digestion and absorption along with necessary capital support, plus the efforts of technology-upgrading workers. In order to achieve this goal, relevant departments must pay attention to leadership and help

enterprises to strengthen their software importing and employee training and the capacity of technology developing organizations after importing whole sets of facilities. The aim is to fundamentally resolve the problem of "duplicating imports," but it does not necessarily mean relinquishing a part of the market to pay for a joint venture.

2) Conscientiously select import projects.

For big and important project importation, we must make objective analyses and forecasts of the international and domestic markets, and within the scale that is permissible domestically, try to extend the scale of imports as much as possible. This will perfect the import mix and better bring into play the economic and social efficiency of technology importing. We must conscientiously select the industries for importation of technology, the technology level and our cooperative partners in order to maximize overall superiority, attain efficiency of scale, and drive a series of relevant industrial developments rapidly. In this way will we accomplish our industrial upgrading goals.

3) Maintaining appropriate competition in technology importing.

In order to keep our side in a favorable position during negotiations and contract implementation, as we concentrate our various domestic forces to form a fist united against foreign units, as a general rule in technology importing projects, we had better choose more than two foreign enterprise units as cooperating partners. We cannot rely on one foreign enterprise; rather, we must to some degree form competition among foreign enterprises to guarantee that our side will be successful at securing the best technology at the best price.

4) Creating the conditions for enterprises' technology redevelopment.

As we import foreign advanced technology, the state must stipulate corresponding policies that encourage enterprises to carry out technology redevelopment to effectively prevent the phenomenon of "technology duplicate importation" from occurring. In the present situation where "three kinds of capital" enterprises are increasing, we must pay attention to stipulating the technology development policies of these enterprises; to protect our rights and interests, we must try to let the Chinese side in them gain a comprehensive mastery of imported technology, as well as gradually acquire the ability to redevelop technology.

5) Implement domesticization support measures simultaneously or in advance.

At present, a considerable portion of imported technology products have a low domesticization level in China. The relevant departments must consider implementing suitable rebuilding as we import advanced technology, or even in advance of importing the technology. There should be uniform arrangements for the

production and supply of supporting raw materials and parts for the imported technology.

6) Correctly handle the market division problem after importing technology.

Generally speaking, higher level enterprises will have greater production capacity after importing technology; but once a shortness of demand appears, or a demand for lower prices for their products by lower level enterprises, it will affect the higher level enterprises' production scale or economic efficiency. The higher level enterprises will try to develop products made by the lower level enterprises, and then the two levels will be confronted with the problem of dividing the market. The relevant departments must exert timely leadership on these enterprises in timely creation of the international market in order to reduce the uneconomical phenomena caused by a surplus of domestic production capacity.

Agriculture

Hebei Secretary Views Agricultural Production

SK2302142195 Shijiazhuang HEBEI RIBAO in Chinese 10 Feb 95 p 1

[Speech by Cheng Weigao, secretary of the provincial party committee, at the provincial radio and television rally on spring farming on 9 February: "Make Plans Early, Go Into Action Early, and Make This Year's Agricultural Production a Success"]

[FBIS Translated Text] Thus far, major policies for all fields of the whole party and the whole country have already been defined. What counts is implementation of these policies. As far as agriculture and rural work are concerned, major policies means stabilizing the party's basic policies toward the countryside, strengthening agriculture's position as the foundation of the national economy, and ensuring the stable increase in main agricultural products, the continuous increase in peasants' income, and the stability and progress of the rural society. By stressing implementation, we mean combining the implementation of major policies with the implementation of the party's basic policies toward the countryside and with the endeavor of ensuring the stable increase in main agricultural products, the continuous increase in peasants' income, and the stability and progress of the rural society. One locality's performances in implementing the party's basic policies toward the countryside and in ensuring the stable increase in main agricultural products, the continuous increase in peasants' income and the stability and progress of the rural society should be the comprehensive standard by which we judge how well this locality is making its people lead a comfortable life and is implementing major policies.

Ensuring the steady increase in output of grain, cotton, and other main agricultural products constitutes the essential condition for curbing inflation, ensuring the

stability of the overall situation, and ensuring the sustained, rapid, and sound development of the national economy. In this aspect, the whole party and all levels of government must seek unity of thinking, must maintain unanimity with the CPC Central Committee, and must consciously safeguard and submit to the overall interest. At present, some localities and some comrades have failed to pay high attention to the steady increase in grain, cotton, and other main agricultural products, and some others have even set the steady increase in grain and cotton output against the increase in peasants' income. This is completely wrong. It should be noted that even the localities in Hebei that harvest considerably more agricultural products still belong to the medium- and low-yield levels. Worse still, the per-unit yield of these localities remains low, the quality of their products poor, the cost of their input high, and their economic efficiency poor. As long as we fully mobilize the initiative of the masses, firmly and unswervingly build water conservancy projects, firmly and unswervingly optimize and improve the varieties of crops, and firmly and unswervingly spread the application of mature scientific and technological measures, we will be able to change the situation of providing medium and low yields of grain and cotton and will be able to increase peasants' income by a wide margin in addition to providing even more marketable grain, cotton, and edible oil for the state. Therefore, the efforts to increase the production of main agricultural products is completely identical to the efforts of increasing peasants' income. We should educate all levels of cadres and the vast numbers of peasants to become rich first and love the country second. In developing a highly efficient type of agriculture that provides greater and better yields, we should first improve the efficiency, output, and quality of grain, cotton, and edible oil farming. From this endeavor, we should not only obtain even more economic returns for ourselves, but also provide even more patriotic grain, cotton, and edible oil for the state.

This year, the agricultural production tasks are especially arduous. First, it is extremely difficult to ensure the continuous increase in grain and cotton output this year; second, according to weather forecasts, there will be frequent natural calamities this year; and third, while transforming economic structures, it is impossible to immediately get rid of the factors that affect and restrict agriculture production. Therefore, this year we must begin agricultural production as soon as possible, and be fully prepared for meeting all sorts of natural calamities and overcoming all sorts of difficulties in order to strive for a bumper harvest and increase agricultural production. All professions and trades, as well as all fields in the province, should give all-out coordination, support, and assistance as well as make due contributions to reaping a bumper harvest in grain and cotton this year.

This year is the last year covered by the Eighth Five-Year Plan, and is a year to prepare for the Ninth Five-Year Plan. Consequently, it is extremely important to do this year's work well. The vast countryside should continue

to uphold the overall task of the entire party and the entire country—known as “seizing the opportunity, expanding the scale of opening up, promoting development, and maintaining stability”—and should map out an overall plan for the rural economy and rural work, with a view to making the people lead a comfortable life. While actually ensuring an increase in the output of main agricultural products, we should make unified planning with due consideration for all concerned; should accelerate the readjustment of the agricultural structure in coordination; should speed up the development of county, township, and town industries; and should appropriately develop the tertiary industry with a view to helping develop the primary and secondary industries and improve the standard of living of the people. While enhancing economic construction, we should pay attention to building the party, with a focus on building up party organizations at the grass-roots level as well as leading bodies of counties and townships; we should pay attention to building a spiritual civilization, with a focus on maintaining social order and administrative honesty so that we can make the rural economy flourish, promote social progress, and reap a bumper harvest in both the material and spiritual civilizations.

Hebei Governor on Agricultural Production

SK2402012595 Shijiazhuang HEBEI RIBAO in Chinese 10 Feb 95 pp 1-2

[Speech by Governor Ye Liansong at the provincial radio and television rally on spring farming on 9 February; place not given: “It Is Necessary To Grasp Very Firmly the Agricultural Production as Soon as Spring Begins”]

[FBIS Translated Text] Hebei Province reaped an overall bumper harvest in agriculture in 1994 in spite of the more serious natural disasters. The volume of its basic farm products showed an increase at a greater scale. This represents the outcome scored through common efforts made by the people across the province and particularly by the broad masses of peasants and by comrades on the agricultural front. The year of 1995 is the last year of enforcing the “Eighth-Five-Year Plan” and of laying a solid foundation for the “Ninth Five-Year Plan.” Enhancing the basic position of agriculture means to uphold continuously the principle of letting the promotion of becoming better-off play a dominated role in the entire situation of rural work; to enhance the construction of productive forces in agriculture; to seize the two focal points of ensuring a stable increase in basic farm products, including grains, cotton, and oil-bearing seeds, and of increasing peasants’ incomes; and to develop vigorously agriculture and the rural economy.

1. We should put the task of enhancing the basic position of agriculture in the first position in the economic work.

Agriculture is the foundation of the national economy. Without the enhancement of the basic position of agriculture, we cannot begin to talk about reform, development, and stability. Therefore, in conducting guidance

over the economic work, it is imperative to unswervingly put the task of enhancing the basic position of agriculture in the first position of the economic work and to do a good job in grasping the basic construction of agriculture. Although the province reaped a bumper agricultural harvest last year, we cannot say that the province’s agricultural foundation has been consolidated and its capability of comprehensive production has been very strong. On the contrary, the province is suffering prominent contradictions in its economic life and is obviously revealing the problems concerning the backwardness of agricultural development. Price hikes, which were mainly concentrated on farm and sideline products last year have clearly indicated these problems. The historic experience has shown that the enhancement of agriculture represents a big event that has a bearing on the entire situation in economic development and an important guarantee for the state to enjoy long-term good social order and long-term social peace. Only by enhancing the construction of agricultural productive forces and consolidating the basic position of agriculture can the national economy achieve sustained, rapid, and healthy development. Therefore, governments at all levels must proceed from the entire situation and from the fundamental interest of the broad masses of peasants; consciously regard the enhancement of agricultural basic position as a primary important task in the economic work; and grasp the task realistically and successfully.

2. We should carefully make work arrangements in various fields by closely following the principles of ensuring the effective supplies of farm and sideline products and of increasing peasants’ incomes.

We must base the development of agricultural production on the two major targets of ensuring a stable increase in basic farm products—including grains, cotton, and oil-bearing seeds—and of increasing peasants’ incomes. We also must make work arrangements in various fields. To this end, cadres at all levels and the broad masses of peasants should correctly deal with the relations between the work of refraining from lowering their guard over the production of grains, cotton, and oil-bearing seeds and the work of readjusting the agricultural structure; the relations between the work of ensuring a stable increase in basic farm products and the work of increasing peasants’ incomes; and the relations between the work of fulfilling the state assignments for providing effective supplies for markets and the work of protecting the temporary and partial interests of peasants. In this regard, leading cadres at all levels should educate the broad masses of peasants to keep the whole situation in mind; to firmly foster the concept on the whole situation and on fulfilling the state assignments; and to refrain from planting less cotton crops or not planting cotton crops because cotton cultivation scores low results, takes energy and time, and assumes a great risk.

Through the studies made by the provincial party committee and the provincial people's government, the province's total grain output this year should be stabilized at the level of over 25 billion kg. Of this output, that of summer grains should reach over 9.5 billion kg; that of cotton, 400 million kg; and that of oil-bearing seeds, over 900 million kg. Per peasant net income should show a 19 percent increase over 1994 and reach over 1,300 yuan. Governments at all levels must ensure the fulfillment of these targets. We should continuously enforce the "seven characters projects" and the "double thousand projects" this year; establish the system of protecting the basic farmland; set up the reservation zones of protecting the basic farmland of grains, cotton, oil-bearing seeds, and vegetables; and accelerate the pace in establishing the system of socialized service in rural areas. We should also do a good job in dealing with the issues of farm product sales, of processing farm products to increase value, and of rendering technical services; in making overall arrangements for agriculture, science, and education; and in vigorously popularizing the advanced results of agricultural science and technology. Localities that have achieved the development of township enterprises should conduct adequate and standardized management over them and foster the mechanism in which land utilization is rationally rotated. They should do a good job in unswervingly grasping the capital construction of water conservancy works and in expanding the acreage of irrigated land by "saving water, sinking wells, reserving water, and diverting river water."

Agricultural production at present should give priority to grasping the following two things:

First, a good job should be done in grasping grain production. The general guiding principle for grain production in the province as a whole this year is to stabilize the sowed acreage of grain crops, to optimize the structure, to concentrate main efforts on per unit yield, and to ensure total output. Acreage represents the foundation of output. The province's sowed acreage of grains must be stabilized at a level over 100 million mu. In readjusting the agricultural structure, various localities must regard the guarantee for the sowed acreage of grains as a premise. By no means should they curtail the sowed acreage of grains. They should enforce the premise by regarding it as an important principle for a quite long period in the future. Currently, a good job should be done in emphatically grasping the production of summer grains. Governments at all levels should organize relevant departments as soon as possible to go deep into grass-roots level units to look into the situation in seedling and moisture and to enhance the classified guidance over different wheat fields so as to promote seedling transformation and to lay a foundation for reaping a bumper harvest this summer.

Second, a good job should be done in realistically grasping the farming preparation and spring farming of cotton. The sowed acreage of cotton crops in the province as a whole this year must be ensured at a level of 10

million mu. Of this acreage, that using the sowing method of plastic sheets should reach 5 million mu. The total cotton output should be ensured at a level of 400 million kg. Various cities and prefectures must adopt effective measures to ensure the fulfillment of these targets. In addition, they should resolutely implement the preferential policies on cotton production so that peasants are able to enjoy practical benefits in cotton production. In line with their local conditions, various localities should formulate some preferential policies for supporting cotton production and encourage peasants to sow more cotton crops and to successfully conduct cotton production. Meanwhile, a good job should be done in grasping the preparation and supply of materials for cotton production by not missing the farming season. Governments at all levels should instruct relevant departments to find out the real situation in the demand and supply of materials—including seeds, fertilizer, agrochemicals, and agrochemical machines—and to make arrangements at an early date for readjusting the usage and delivery of these materials so as to meet the needs of spring farming and farming preparations for cotton production.

3. We should define responsibilities and enhance the leadership and coordination so as to successfully launch the overall battle of spring farming.

As the very busy season of spring farming is approaching, governments at all levels and particularly governments at county and township levels should concentrate their main efforts on realistically grasping the work of spring farming and farming preparations. Various departments should actively support agricultural production and to make contributions to reaping a bumper agricultural harvest this year. Financial departments at all levels should upgrade their proportion in the input of agriculture. The increased proportion of agricultural funds appropriated by the provincial level financial department this year should surpass the increased scale of the 1994 financial budget. Fund arrangements made by cities, prefectures, and counties for supporting agriculture should not be lower than this proportion in general. Chemical industrial departments and supply and marketing cooperatives should enhance the production and delivery of fertilizer. Business firms in charge of means of agricultural production should reduce their links and lower their charges. The highest limitation set by the state for prices in this regard should be strictly implemented. Without the highest limitation set by the state, the price department can fix the prices in line with a low interest rate. Power industrial departments should carefully formulate plans for power supply during the spring farming period to ensure the power supply to agricultural production. Petroleum industrial departments should make arrangements at an early date for the oil supply to spring farming and refrain from dropping diesel sales to farming at the grass-roots level. In line with the water conservation at large and medium-sized reservoirs, water resource departments should make rational arrangements for the water supply to spring

farming. Agricultural banks and credit cooperatives at all levels should make earnest arrangements for loans by peasants for buying the materials needed for spring farming. Agricultural departments should ensure the supply of seed for spring farming and go deep into the grass-roots level to carry out technical training and guidance. Price departments should enhance the management over the prices of materials used for agricultural production during the spring farming period and resolutely prevent arbitrary price hikes. The departments of industry and commerce, supervision, and auditing affairs should enhance the enforcement of laws and strictly handle or deal relentlessly blows at the illegal acts of destroying spring farming.

State To Ensure Sustained Agricultural Growth

HK2402090995 Beijing CHINA DAILY in English 24 Feb 95 p 1

[By Liang Chao: "State To Improve Controls on Land"]

[FBIS Transcribed Text] China will take a series of measures this year to ensure sustained development of agriculture. Plans include intensifying farmland protection and tightening up macro-control over the growing land market.

These measures are also aimed at aiding industrial reform by focusing the establishment of a modern enterprise system, according to a report by Zou Yuchuan, top official of the State Land Administration (SLA), which was released yesterday in Beijing.

A significant effort will be waged this year to bring more State-owned land used for nonagricultural purposes into paid land-use contracts. These lease or contract agreements will regulate land use while bringing the State income that went uncollected previously.

To avert the misuse or loss of State land during the transformation, the SLA and its local agencies will appraise land's use-rights before contracting lease, share purchase or other usage agreements.

This effort will not only add to the State revenue and improve the management of the land, but will ensure the best use of land resources and control its redistribution.

Over the past year, some 714,000 hectares of cultivated land have been taken over by industrial and residential development, 14 per cent more than in the previous year. The figure matches the 1992 total, the worst year of China's farmland shrinkage in the last five years.

This was revealed by Zou at a national conference on the land-use reform and administration which opened on Wednesday in the city of Fuzhou, Fujian Province.

Zou made it clear that these results showed that the government's current measures to protect farmland were not effective enough to curb the shrinkage.

Zou blamed the failure on two major factors. One is the continuous random expansion of China's large and medium-sized cities.

The other factor he named is that the past year has seen unbalanced changes of farming structure, a large amount of land which was used for grain production is now being used for planting forests and fruits trees or for building fish ponds, these changes have taken land away from basic agriculture crops needed to meet China's demand.

*State Council Issues Circular on Agriculture Survey

95CE0226B Beijing ZHONGHUA RENMIN GONGHEGUO GUOWUYUAN GONGBAO [PRC STATE COUNCIL BULLETIN] in Chinese 14 Nov 94 pp 1046-1047

[State Council Circular: "First National Agricultural Survey"]

[FBIS Translated Text] To All people's governments in the provinces, autonomous regions, and municipalities directly administered by the central government, all State Council ministries and commissions, and all departments directly under the State Council

Since the beginning of reform and the open policy, China's rural economy and social undertakings have made progress across the board, resulting in colossal achievements that have attracted worldwide attention. To obtain a more precise idea of the scale and structure of agricultural capital goods and understand more thoroughly the uses and movement of the rural labor force and the development of township and town enterprises and rural small towns, the State Council has decided to conduct the first national general agricultural survey in 1997. This is necessary to provide a scientific basis for the formulation of the national economic development strategy and plan and the preparation of a range of social and economic policies to expedite the even more rapid development of agriculture and the rural economy. The relevant information is provided as follows.

1. The first general national survey of agriculture consists mainly of a survey of agricultural capital goods, but also seeks to understand the basic situation in economic and social development in the countryside. Essentially the general survey is designed to discover the number, scale, and structure of agricultural production and operational units; the distribution of agricultural land among the production and operational units, and the manner in which such land is used; the quantity, mix, and performance of production-related fixed assets in agriculture; the quantity and quality of the rural labor force, as well as its distribution and circulation among the different trades; and the basic situation in township and town enterprises and town building.

2. The timetable for the first general national survey on agriculture is as follows: preparations to begin in 1994; first half of 1997, survey gets under way; second half of

1997, gathering the main data collected manually; and first half of 1998, gathering the data on 10 percent of the units surveyed. All data processing is to be completed by the end of 1999.

3. A general national survey of agriculture will be conducted once every decade starting in 1997 as a comprehensive investigation of the basic situation in agriculture and the countryside. The annual collection of agricultural statistical data will be based primarily on sample surveys. The general survey will provide routine agricultural data gathering with a sampling framework.

4. The expenses of the coming general national survey of agriculture will be borne jointly by the Ministry of Finance and its local counterparts. The budget will be issued separately by the agencies involved.

5. The general survey of agriculture is a major survey of the conditions and strengths of the nation. It covers a wide area and constitutes an important and arduous task. To do a good job, we need strong leadership and sound organization. Accordingly, the State Council has decided to organize a joint coordinating conference for the first general national survey of agriculture to assume centralized responsibility for conducting the survey. The actual implementation of the survey will be organized by people in charge of surveys in the State Statistical Bureau. People's governments at all levels should each put one person in charge of directing and coordinating the general survey at the appropriate level. All organizing and surveying personnel in the field will be selected from among village cadres. The departments involved must cooperate closely with one another to do a good job.

China is a large agricultural nation with a rural population in excess of 900 million. The nation's first general agricultural survey is not only a major event in China's economic life, but also will be widely watched by nations and international organizations around the world. People's governments at all levels must give it top priority, step up leadership, and rely fully on resources in all social quarters. We must take special pains to publicize the survey and mobilize rank-and-file cadres at the grass roots to participate in it actively. We must plan meticulously and carefully to make the first national general survey on agriculture a success.

Issued by the State Council, 29 December 1994

***State Council Unit Offers Rules on Futures Trading**

95CE0226A Beijing ZHONGHUA RENMIN GONGHEGUO GUOWUYUAN GONGBAO [PRC STATE COUNCIL BULLETIN] in Chinese 24 Oct 94 pp 1003-1005

[State Council Securities Commission Circular: "Regulations On Futures Trading"]

[FBIS Translated Text] Instructions On the Suspension of Rice and Rapeseed Oil Futures Trading and the Intensification of Futures Market Management

To The State Council:

Prices on both the futures and the spot markets for rice and rapeseed oil have risen sharply in recent times. Futures trading is now characterized by excessive speculation, the overconcentration of contracted volume in the hands of a small number of members, and confrontations between buyers and sellers. Rice and rapeseed oil are essential commodities which have an impact on the national economy and the people's livelihood. Soaring futures prices objectively encourage an "inflationary mentality" on the part of members of the public, which militates against the implementation of the government's price stabilization policy. To ensure market stability and the successful implementation of a full range of macroeconomic regulatory and control policies, we have held discussions with the State Planning Commission, the State Restructuring of the Economic System Commission, the Ministry of Domestic Trade, and the State Administration for Industry and Commerce, and hereby submit the following opinions on suspending futures trading in rice and rapeseed oil and further intensifying supervision and management of the futures market:

1. Suspend rice and rapeseed oil futures trading. Exchanges where rice and rapeseed oil futures trading takes place should suspend such operations starting with the date this circular is issued. To preserve normal trading order and ensure a smooth transition, the following measures should be taken: The amount of rice and rapeseed oil in storage at every exchange can only decrease, not increase, during every trading month; the amount of rice or rapeseed oil in storage at the end of a month should effectively be the ceiling for the following month; and every exchange should strictly limit the volume in storage held by each customer in any trading month. Where there is an excess of rice or rapeseed oil in storage, the customer should be allowed to reduce it before the contract expires or engage in trading-in-kind on the trading day. No exchange is allowed to offer new rice or rapeseed oil futures contracts.

Exchanges that engage in rice or rapeseed oil futures trading, the people's government of the jurisdiction in question, as well as the departments concerned, should do a conscientious job dealing with the aftermath. When problems are uncovered, they should be reported to the Chinese Securities Supervision and Control Commission (abbreviated hereafter as the securities commission).

2. Further intensify supervision and management of the futures market to ensure the healthy development of experimental futures trading.

A) No member of any futures exchange should unilaterally hold in stock more than 15 percent of the total amount of a commodity held in storage. Every exchange should establish a major account reporting system and create a mechanism by which trading would be stopped when prices rise or drop excessively. The amount in storage should be strictly limited in a trading month. An

exchange should be prohibited from disclosing market forecasting information. Exchange employees are strictly prohibited from leaking trading secrets. They must not use improper means to persuade members or customers to overorder. Members must not be allowed to engage in futures trading by overdrawing.

No futures exchange should set up branch offices. No new futures commodity should be introduced without the permission of the securities commission.

B) All futures brokerages and member units in the brokerage business must separate their own business operations from the tasks they have been commissioned to perform. They must not fabricate or provide false information to coerce or persuade a client to trade in a certain way. They must not conspire to buy and sell jointly by pooling their funds in order to manipulate prices. They must not engage in self-pairing trading inside the market. Nor can they engage in futures trading by overdrawing on behalf of a customer.

C) Impose strict restrictions on futures trading by state enterprises and institutions. Where participation in futures trading is necessary for business reasons, it should mostly be in the form of hedging. Moreover, the unit must produce authorizing documents from the department in charge or its board of directors. Where these conditions are not satisfied, the unit may be required to fulfill them within a specified period of time or cease futures trading. A violator should be investigated and punished severely by the department in charge. Detailed rules should be prepared by the securities commission in conjunction with the departments concerned.

D) Participation in futures trading using bank loans or funds derived from interbank lending should be strictly forbidden. Financial institutions at all levels must tighten supervision and management to prevent the flow of credit funds toward the futures market. No financial institution is allowed to issue futures trading guarantees. All futures exchanges are barred from accepting bank guarantees as futures trading deposits.

E) Strengthen management and enforce discipline. Futures exchanges, futures brokerages, and member units acting as brokerages which violate the relevant provisions in this circular will be punished by the securities commission, the appropriate office of administration for industry and commerce, and the futures supervisory body designated by the local government in question, as required under their respective jurisdiction. In a serious case, the government should disqualify the futures exchange involved from experimenting with futures trading, the brokerage from engaging in the brokerage business, or the member unit from conducting futures trading, all the way to revoking its business license.

3. To regulate and control the futures market in a timely manner, the securities commission may suspend trading

in a certain commodity in light of market conditions. The resumption of trading in a suspended commodity must be approved by the securities commission.

If there is nothing amiss about these opinions, please transmit them to all localities and departments for their implementation.

Prepared by the State Council Securities Commission,
23 September 1994

Statistics Bureau on Farmers' Incomes Up in 1994

*OW2302170095 Beijing XINHUA in English 1624
GMT 23 Feb 95*

[FBIS Transcribed Text] Beijing, February 23 (XINHUA)—Figures from the State Statistics Bureau today showed that the per capita income for Chinese farmers reached 1,220 yuan in 1994, 320 yuan more than in 1993, a five percent increase after deducting price hikes.

Twenty-six provinces and municipalities of the country's 30 recorded per-capita incomes for local farmers exceeding 1,000 yuan each in 1994.

Farmers in the three municipalities of Beijing, Shanghai and Tianjin, and in Jiangsu and Zhejiang provinces in east China and in south China's Guangdong Province recorded more than 1,800 yuan in per capita income last year.

Shanghai-area farmers had the highest per capita income of 3,436 yuan last year, 700 yuan more than in 1993.

Statistics show that farmers' incomes in coastal and developed areas mainly come from the secondary and service industries. While in the middle and western parts of the country 70 percent of farmers' incomes still come from the land.

Nation To Import 'Large Amount' of Rice

*HK2302151995 Hong Kong MING PAO in Chinese 15
Feb 95 p B1*

["Special dispatch": "China To Import 2 Million Tonnes of Rice This Year"]

[FBIS Translated Text] According to a businessman dealing in rice, China will have to import a considerable amount of rice in the next few months, because it overestimated its domestic rice reserves and underestimated the agricultural losses caused by last year's floods. Furthermore, a certain number of peasants have hoarded grain for speculation.

A Hong Kong rice trader said that he has received information that China is trying to import rice from India, adding that, since mid-1994, China has imported over 1 million tonnes of rice, of which 800,000 tonnes were bought from Thailand and Burma last December and will be delivered next month.

The figures released by China customs show that China imported 510,000 tonnes of rice last year and only 100,000 tonnes the year before last.

The rice shortage was caused by widespread floods in southern China, the area that has contributed 90 percent of China's total rice output. Following the floods, the relevant authority estimated the floods caused a 10 percent decrease in grain production and that only an extra 1 million tonnes of grain was needed. But the businessman estimated that China would have to import twice the amount of rice now.

Another reason for the need to suddenly import a large amount of rice is that, over many years past, many local governments have exaggerated their grain outputs, with some provincial governments even inflating their annual grain outputs by 1 million tonnes. So China might have altogether overestimated its total grain output by 5 to 6 million tonnes. According to the U.S. Agriculture Department's estimate, China's 1994 output of processed rice stood at 120 million tonnes.

In fact, China exported 1.5 million tonnes of rice last year and 1.4 million tonnes the year before last.

The rice trader said: When the Chinese Government "pumped grain into the market" to bring down the grain prices prior to the Spring Festival, the price of long-grain rice dropped from 308 yuan per tonne in December last year to 303 yuan in last January. He believed that since only a very small amount of grain was left over from 1993 and 1994 and the grain price has remained high, the government decided to increase its grain reserves.

An additional reason was that Chinese peasants have hoarded grain for speculation. A Hong Kong businessman said: China sold 1 million tonnes of rice to Japan at an ideal price last year, and the peasants are now reluctant to sell grain to the central government. The businessman added: In 1993 and 1994, China had a small amount of grain in reserve, and this helped put up the grain price. That is why the central government decided to import a large amount of rice to increase its grain reserves to a certain level.

Jiangsu Spurs Basic Agricultural Construction

OW2402021995 Beijing XINHUA in English 0131
GMT 24 Feb 95

[FBIS Transcribed Text] Nanjing, February 24 (XINHUA)—Jiangsu Province, an economic leader in east China, has reaped another bumper agricultural harvest thanks to efforts to improve local agricultural production conditions.

The total output of grain, cotton and edible oil in the province reached 31.24 million tons, 457,100 tons and 1.34 million tons last year, respectively.

The province has transformed 861,300 ha of medium- and low-yielding fields since 1988. This year, the province plans to earmark 840 million yuan to transform 213,300 ha of such fields.

Investment in water-control construction this year will rise to 1.2 billion yuan from last year's one billion yuan. Meanwhile, the province is raising money through various channels for comprehensive agricultural development.

Foreign funds and loans to the province totalling 190 million yuan and 12.3 billion Japanese yen have also spurred its agriculture over the past few years.

Gansu, Guizhou Report Net Farmer Income in 1994

Gansu Farmer Income

95CE0272J Lanzhou GANSU RIBAO in Chinese 12
Feb 95 p 1

[FBIS Summary] In 1994 the per capita net income of farmers in Gansu Province was 690.65 yuan, an increase of 127.8 yuan over 1993.

Guizhou Farmer Income

95CE0272K Beijing JINGJI RIBAO in Chinese 11 Feb
95 p 1

[FBIS Summary] According to a survey of 2240 rural households in 32 counties, cities, and prefectures in Guizhou Province, in 1994 the per capita net income of farmers was 786.84 yuan, an increase of 200 yuan over 1993, after deducting for inflation the actual increase was 6.68 percent.

Henan Rural Savings Exceed 42 Billion Yuan

95CE0272L Beijing NONGMIN RIBAO in Chinese 11
Feb 95 p 1

[FBIS Summary] At the beginning of 1995 rural savings deposits in Henan Province totaled 42.7 billion yuan, a net increase of 13.2 billion yuan over the same period in 1994, and per capita savings were 560 yuan.

Sichuan Working To Increase Grain Production

OW2402112295 Beijing XINHUA in English 1017
GMT 24 Feb 95

[FBIS Transcribed Text] Chengdu, February 24 (XINHUA)—Sichuan, the largest grain producer in China, is making efforts to lift its grain output.

This populous province had a poor grain harvest last year as a result of a severe drought. Grain supply became tense in some parts of the province.

The province plans to harvest 44 million tons of grain this year.

To attain the goal, Provincial Governor Xiao Yang outlined four measures:

—The acreage sown to grain should be no less than 10 million ha;

- Efforts will be made to popularize utilization of fine strains, carry on scientific farming and raise per unit output;
- Farm material supply departments should provide farmers with adequate and cheap chemical fertilizers, plastic sheeting, pesticides and other necessary materials;
- The shift of farmland for non-agricultural use should be strictly controlled.

In addition, the provincial financial department has earmarked an additional 40 million yuan for farmland irrigation projects to bring the total sum of investment in agriculture to 600 million yuan.

*Pork Sales, Production, Price Trend Analyzed

95CE0263A Beijing NONGYE WENTI [PROBLEMS OF AGRICULTURAL ECONOMY] in Chinese No 11, 23 Nov 94 pp 46-51

[Article by Liang Zhenhua (2733 2182 5478), of the Chinese Academy of Agricultural Science's Agricultural Economics Institute, et al.: "Pork Production and Sales and Factors Contributing to Its Price Increase Analyzed"]

[FBIS Translated Text] The price of pork has risen sharply nationwide since the beginning of 1994; supply and demand are tight in some regions, and the public is very concerned. It is essential that we analyze the situation and the causes of price increase, so that we can make correct judgments about future production and price trends and come up with the proper strategies and suggestions.

I. Current Pork Production and Sales Situations

1. Overall pork production was stable in the first half of 1994, but there was some regional unevenness. According to data compiled by the State Statistical Bureau, 189 million head of hogs were slaughtered in the first six months of this year, 16 million head, or 9.3 percent, more than last year in the same period, setting an historical record for any six-month period. As much as 14.32 million tons of pork was produced, 1.34 million tons, or 10.3 percent, more than in the same period last year. Regionally, except for Zhejiang and Shanghai, where the number of hogs slaughtered fell by 35,000 and 16,000 head respectively, there were increases of different amounts in all other provinces, with Shandong showing an increase of 2.15 million head.

2. Nationwide pork production and consumption increased at about the same pace in the first six months; pork production and sales were balanced despite some tightness. According to data collected by the State Statistical Bureau in 60 large and medium-sized cities, in the first half of the year, 1.11 million tons of pork were marketed in cities, 8.2 percent more than in the same period a year ago. According to the State Bureau of Industry and

Commerce, 4.58 billion tons of pork were bought and sold in urban and rural markets, which represented an increase of 8 percent over last year. Because pork production and sales were increasing at about the same rate, and because of massive outside purchases made by large and medium-sized cities and some coastal regions, there was increased pressure on the main production areas to make outside sales; production and sales were balanced, but tight. In Shanghai, for example, total sales topped 178,000 tons in the first six months, 31 percent more than in the same period a year ago, but because the municipality had reduced its own slaughter rate, it bought 67,000 tons of pork from the outside; the purchase represented a 36 percent increase over the previous year.

II. Analysis of Price Increase Factors in 1994

The price of pork has risen sharply nationwide since the beginning of 1994. According to the State Statistical Bureau, the July retail price was 49.0 percent higher than last year; its rate of increase was second only to that of grain (54.6 percent) and oil (67.5 percent.) Because this round of pork price increases was accompanied by increases in grain and oil, poultry and eggs, vegetables, and other food prices, the nation's retail food price index rose 35.3 percent in July compared to the same period last year; there were widespread repercussions. There are many factors contributing to the increase in pork prices. They can be summed in the following:

1. Higher grain, especially feed, prices pushes up the price of live hogs. Everybody knows that feed cost accounts for more than 60 percent of the cost of raising hogs, and therefore if feed prices go up, the cost of raising pigs and the price of live hogs will naturally go up. The price of corn has risen since November 1993, and this coincided with the feeding period of hogs ready for slaughter after May. Between August and October 1993, the average price of corn was 0.85 yuan per kg; it rose to 1.08 yuan per kg between May and July 1994, a 27 percent increase. Between August and October 1993, the average procurement price of live hogs was 4.42 yuan a kg; it rose to 5.6 yuan per kg between May and July 1994, also a 27 percent increase (see Table 1). Thus, during this period, the live hog procurement price was rising at the same rate as the price of corn.

Table 1 Corn and Live Hog Price Changes Since August 1993 (yuan/kg)

Year	Month	Corn	Live Hogs	Year	Month	Corn	Live Hogs
1993	August	0.87	4.25	1994	January	0.90	4.14
	Sep-tember	0.84	4.35		February	0.86	4.37
	October	0.85	4.64		March	0.90	5.60
	November	0.96	4.46		April	0.92	5.20
	December	0.96	4.30		May	1.03	6.00

June	1.08	5.50
July	1.12	5.40

Source: Commodities Pricing Bureau of the Ministry of Agriculture's Market Information Department

2. Higher profit in raising pigs increases the price ratio between grain and hogs. In 1993, the price ratio between grain (corn) and hogs was 1:4.88; in 1994 (January to July,) it has risen to 1:5.32. Higher hog procurement price raises the price of pork. There is no denying that when the procurement price of hogs goes up, the peasants generally make more money raising pigs. Statistics show that peasant households are making more than 50 yuan in net profit for each head of hog (excluding labor costs); state-run pig farms have turned previous losses into profits of 10-30 yuan per hog, and Beijing's large-scale pig farms have also turned losses of 35-40 yuan into profits of around 40 yuan per head. It should be pointed out that the higher profit generated by raising pigs is the inevitable result of the development of the market economy, and this kind of increased profit is but the compensation peasants deserve. More than a decade ago, the peasants adopted the "poor-man's way" of raising pigs by prolonging the feed period, which not only allowed them to earn some extra money, but, more importantly, also allowed them get the manure. Today, peasants raise pigs for economic profit, and they are putting significantly more material input into hog rearing. If they do not make a profit, they will raise fewer or even no pigs. Looking at the historical data (see Table 2) reveals that before the 1980's, the feed-to-hog price ratio was around 1:3.0; in the 1980's, the ratio was around 1:4.5; and in the 1990's, it should rise to around 1:5.5 to keep pace (the ratio in developed countries has always been around 1:10.) But although the average live hog procurement price was 5.2 yuan per kg between January and July 1994, the corn-to-hog price ratio was still only 1:5.3, which was within the reasonable range of 1:5.5, and the peasants were by no means making an exorbitant profit.

Table 2: Historical Changes in Grain-Hog Price Ratios

Year	Grain (yuan/ton)	Live Hogs (yuan/ton)	Price Ratio
1952	138.4	354	1:2.56
1965	229.2	652	1:2.84
1978	263.4	810	1:3.07
1980	360.6	1,258	1:3.49
1985	416.1	1,821	1:4.38
1990	716.0	3,459	1:4.83
1991	677.3	3,324	1:4.91
1992	706.0	3,540	1:5.01
1993	823.9 (corn, 860.8)	4,200	1:5.10 (1:4.88)
1994*	(corn 972.8)	5,173	(1:5.32)

Source: Base data for 1952-1992 from *China Statistical Yearbook*, 1992 and 1993; 1993 grain prices from *Excerpts of Chinese Statistics*, 1994. Other base data are from the Commodities Pricing Bureau of the Ministry of Agriculture's Market Information Department.

* January-July

3. The pork business is making more profit. The middlemen doing business between the live hog procurement and slaughtering link and the pork wholesale and retail link are also making more profit. Currently, there is a 25-30 percent differential between wholesale and retail prices of pork in large and medium-sized cities, and there is a 50-60 yuan profit in the slaughtering and sale of one live hog for each party, approximately 20 yuan more than in 1993. The middlemen's higher profit is also one of the main factors behind the higher price of pork. Looking at the historical data (see Table 3), the live-to-dressed price ratio between the procurement price of hogs and the retail price of pork has continued to rise. The live-to-dressed price ratio rose from 1:1.51 to 1:1.63 between 1985 and 1992, and to 1:1.78 by 1993; it reached 1:1.86 between January and July of 1994. It should be pointed out that the live-to-dressed price ratio refers only to the ratio between live hog procurement price and the retail price of the two sides of a pig carcass; it does not include the price increases in spareribs, internal organs, head, hoofs, tail, and so on. In recent years, the retail price of these body parts has risen much faster than the price of the carcass itself, and in a way this has increased the middlemen's profit.

Table 3: Historical Changes in the Live-to-Dressed Price Ratios

Year	Live Hog Procurement Price (yuan/ton)	Pork Retail Price (yuan/ton)	Live-Dressed Price Ratio
1985	1,821	2,749	1:1.51
1990	3,459	5,298	1:1.53
1991	3,324	5,339	1:1.61
1992	3,540	5,769	1:1.63
1993	4,200	7,475	1:1.78
1994	5,173	9,647	1:1.86

Source: Base data for 1986-1992 from *China Statistical Yearbook*, 1992 and 1993; base data for 1993 and 1994 from the Commodities Pricing Bureau of the Ministry of Agriculture's Market Information Department.

* January-July

4. Increased inter-regional pork shipment drives up pork prices. As described earlier, in the first six months of 1994, some economically developed regions (Zhejiang and Shanghai) cut down on their slaughtering rate of live hogs while pork consumption in 60 large and medium-sized cities increased 8.2 percent, creating a large

increase in inter-regional shipment of pork. Some regions competed by jacking up procurement prices and created some confusion, and that in turn drove up prices in the main production and sales areas. According to data compiled by the State Statistical Bureau, Sichuan had the highest volume of out-of-town sales, and because of increased pressure from those sales, pork prices rose sharply in Sichuan. The July retail price index of meat, poultry, and eggs rose 38.1 percent over last year. Supposedly, Shenyang's pork production and sales should be fairly stable, but since the beginning of 1994, because other cities within the province, like Dalian and Anshan, and municipalities outside of the province, like Beijing and Tianjin, have been making purchases in the city and paying high prices, as a result, 220,000 head of hogs were sold outside of the city in the first six months of this year. Due to higher pork prices, Shenyang's July retail price index for meat, poultry, and eggs was 40.1 percent higher than last year.

5. The government's macroeconomic regulation and control measures are not fully in place. From the standpoint of macroeconomic regulation and control, the direct and indirect causes of this round of rapid increase in the price of pork can be summed in the following: A) The state-owned commercial system no longer plays the role of the main procurement and sales channel, but neither the new procurement and sales system nor the market system is firmly in place yet. According to Ministry of Commerce statistics, in the first half of this year, the state-owned commercial system procured 1.148 million tons of live hogs and pork, which accounted for only 8 percent of the nation's total pork production and was 36.2 percent less than last year's purchases during the same period; it also sold 611,000 tons of pork at home, which accounted for only 4 percent of the nation's total output and represented a 42 percent reduction in sales compared to the same period a year ago. The system continued to procure and sell fewer hogs and less pork in July than in June. Under the circumstances, the state-owned commercial system can hardly play the market regulatory role entrusted by the government. B) The nation's consumer price index and cost of living are rising quickly. According to data collected by the State Statistical Bureau, the July consumer price index was 24 percent higher this year than last; the consumer price index for food in particular was up 32.1 percent, and within this group, the price indexes for oil and grain went up the most, at 67.5 percent and 57.3 percent respectively. Given the high consumer price index, especially for foodstuff, it is only fair that producers of live hogs and sellers of pork make a corresponding average profit. This is also the best explanation for the higher pork prices despite higher output than last year.

In addition, as the country's living standard rose, pork consumption has increased the most among all animal food products. Even though pork production was increasing by nearly 2 million tons a year between 1990 and 1993, per capita pork consumption was increasing by 1.6 kg per year; in the first six months of 1994, output

increased by another 1.34 million tons, but per capita consumption again increased 1.1 kg; pork supply and demand remained balanced, but tight. When we consider balancing pork production and sales, we must consider not only the increased urban consumption (including everyday family consumption, mobile population consumption, and consumption by social groups), but also the increased rural consumption. If per capita pork consumption by the rural population, which accounts for 80 percent of the nation's total population, increases by 0.5 kg per year, it will be equivalent to an increase of 2 kg per person per year in the cities and towns. This is also the best explanation for the fact that while the nation's pork production actually increased 10.3 percent in the first six months of this year, the amount of pork available in the markets of 60 large and medium-sized cities only increased 8.2 percent and the amount of pork bought and sold in the urban and rural markets only increased 8.0 percent.

Based on the analysis of the above factors, there are many reasons behind this round of nationwide increase in the price of pork, but the most important reasons are the higher price of feed, the underdeveloped live hog and pork market systems, and ineffective macroeconomic regulation and control.

III. Assessing the Trend of Live-Hog Production and Sales and Pork Prices

1. Live-hog production and sales will not plummet in the near future, but regional imbalances will worsen. According to State Statistical Bureau data, the nation had 391 million head of hogs in stock at the end of June 1994, 14.81 million head, or 3.9 percent, more than in June of last year. There were 29.61 million head of fertile sows, accounting for 7.6 percent of the total stock, which was 1.33 million head, or 4.7 percent, more than a year ago. It can be expected that so long as current policies which are favorable to live hog production remain unchanged, live hog production and pork output will continue to increase in the second half of this year and even into the first half of 1995. Meanwhile, so long as we can curb the continuous rise in the price of pork, the nation's pork consumption is not likely to change drastically. But according to State Statistical Bureau data, at the end of June 1994, while the nation's stock of live hogs and fertile sows, especially in the major production areas, continued to increase, the stocks in some prosperous southern provinces (municipalities) have decreased, and this was especially true in provinces and municipalities like Zhejiang, Shanghai, Guangdong, and Hainan. As the gap between production and sales widens in these provinces and municipalities, the inter-regional shipment of pork will increase.

2. Pork prices will remain fairly stable within the foreseeable future. Among the above factors contributing to higher price of pork, there are reasonable and positive factors as well as unreasonable and negative factors. These problems must be resolved gradually via the

government's stronger macroeconomic regulation and control measures imposed on pork production and sales and on prices. Today, as far as the price of pork is concerned, those in business rearing pigs and selling pork are, to varying degrees, fairly profitable, and most consumers are able to afford those prices. So long as there are some comprehensive price regulation and control measures, we can curb the continuous increase in live hog and pork prices and keep them relatively stable, and if we adopt the proper measures, prices may even come down somewhat. From the standpoint of the grain production situation, it is a foregone conclusion that grain production will be smaller in the fall of 1994. If grain prices continue to increase in the latter part of the year, any one-sided attempt to curb the increase in live hog and pork prices will be futile. Meanwhile, to forestall the continuous rise in the consumer price index or price index for food, the state must adopt effective regulation and control measures to curb the continuous increase in grain, oil, and meat prices. This not only will help stabilize life and calm the people but will also prevent high prices from curtailing pork consumption and overstimulating pork production which can lead to new fluctuations in pork output and sales.

IV. Strategies and Suggestions

Under socialist market economic conditions, the so-called macroeconomic regulation and control role of the government with regard to pork production, sales, and prices refers to policies, laws, rules, regulations, investments, credit, prices, taxes, subsidies, and other indirect measures used to regulate and control pork production, sales, and consumption to address the interests of the producers and managers, as well as the consumers. Today, given the separate hog production and sales management systems, the underdeveloped markets, and the chaotic pricing system, government macroeconomic regulation and control tasks are made much more difficult. From the point of long-term development, we must integrate the management of live hog production and sales, strengthen the market system, and formulate a reasonable pricing system. At the present stage, in order to stabilize hog production, balance production and sales, and curb the continuous increase in pork prices, we suggest doing the following:

1. Stabilize the existing general and specific policies that are favorable to live hog production. Judging by today's situation, in order to stabilize hog production, besides continuing to increase input in basic construction to raise more lean porkers commercially, we must also set up a hog production insurance fund, subsidize peasant non-operational losses in the main production areas, and extend preferential treatment to some provinces with

declining stocks of live hogs and fertile sows, so that their hog production can recover and grow. In addition, we must strengthen the service system at the grass-roots level in the livestock husbandry industry; stabilize the service contingent; provide comprehensive service in terms of improved breeds, feed, disease prevention, and market information; and impose a strict live hog and meat inspection and certification system, so that the people feel safe eating pork.

2. We should curb the increase in grain prices. Today, soaring grain prices are the main factor behind the higher cost of raising pigs and higher pork prices. Stabilizing the price of grain is the key to stabilizing the prices of pork and other foodstuff. In regions where grain prices are increasing rapidly, we should adopt proper grain reserve or price ceiling measures to stabilize prices. But even more important is to limit the price differential between grain purchase and sale prices and between raw and processed grain.

3. We should formulate a proper pricing system. With regard to the price of pork, we must take control of the grain-hog price ratio and the live-dressed hog price ratio to properly address the interests of the producers, managers, and consumers. In view of today's situation, in most farm areas, we should keep the grain-hog price ratio at between 1:5 and 1:5.5. In the economically prosperous areas, we can allow a more lenient limit at around 1:6. Meanwhile, the live-to-dressed hog price ratio should be kept at around 1:1.75. In addition, we should ease the quality-based and regional price differences for live hogs and pork. The former will help improve meat quality, and the latter will help divert pork from the producing areas to the consumption areas.

4. We should strengthen the pork market system. The country already has several wholesale pork markets. These markets still need to be improved in terms of their operating mechanisms and management style. We should also make plans to set up more live hog and pork spot and futures markets. The information system is also an important part of the market system. Given today's underdeveloped market system, we need more information about pork production, sales, and prices so demand and supply and market prices are more transparent in order to correctly guide pork production, sales, and consumption. In addition, although the state-owned commercial system no longer plays the lead role in the hog and pork circulation domains, it can still play a role in guiding the rise and fall of pork prices, because other meat sellers change their prices according to those set by the foodstuff companies. In view of today's fairly tight pork supply and demand situation, the state-owned commercial system should sell off their pork reserve to level off pork prices.

East Region

Anhui Counties Benefit From Abundant Labor

OW2402085095 Beijing XINHUA in English 0811
GMT 24 Feb 95

[FBIS Transcribed Text] Hefei, February 24 (XINHUA)—Surplus laborers who used to remain idle year round have begun to produce a considerable amount of wealth for three counties in east China's Anhui Province.

Densely-populated, economically-underdeveloped Funan, Yingshang, and Linqun counties along the Huaihe River organized a work force of about 450,000 laborers to go to work in other provinces and took in 450 million yuan in 1994.

With a population of 4.5 million, the three counties have more than 800,000 surplus laborers, but, last year, they decided to turn the idle but abundant human resources into economic ones.

Special teams were set up to coordinate the labor movement, a range of professional training was organized to prepare the surplus laborers for possible job opportunities, and administrative institutions were established to strengthen the management and to improve relations with employers.

Statistics show that some 200,000 surplus laborers have been trained, and about 30 labor organizations the three counties set up around the country have landed jobs for 450,000 laborers.

The movement has caused farmers' wealth to swell. Statistics further indicate that on average, each migrant laborer earns a net income of 250 to 300 yuan per month, more than three times a local farmer's income.

In the meantime, the laborers have returned to set up about 2,500 rural enterprises employing over 30,000 people, after having gained a grasp of production skills and technology used on the job in their workplaces outside their hometowns.

Jiangsu Carries Out 'Reemployment Project'

OW2402085295 Beijing XINHUA in English 0817
GMT 24 Feb 95

[FBIS Transcribed Text] Nanjing, February 24 (XINHUA)—Jiangsu, an economic giant in east China, has carried out an overall "Reemployment Project", which has helped with local economic development and social stability.

There are now 1,735 job agencies in the province. Unemployment insurance covers all state-run enterprises and some foreign-funded businesses. With the help of the reemployment project 25,000 unemployed workers found jobs again and the unemployment rate at the end of last year was reduced to two percent.

Experiments with reemployment started in the cities of Wuxi and Yangzhou and have been extended to cover the whole province. The project stresses services to unemployed workers who have been out of work for over six months.

The establishment of an unemployment insurance system is an important part of the project. Last year 35 million yuan in relief funds was paid to 130,000 unemployed workers.

The province has also strengthened retraining of unemployed workers, and 80 percent of the jobless who have received training at 104 training centers have found jobs again. Last year 9,800 of them obtained qualification certificates from these training centers.

A network of job agencies has taken shape in the province, covering all 11 cities and 64 counties.

Shandong CPPCC Session Ends 22 Feb

SK2402000595 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 22 Feb 95

[FBIS Translated Excerpt] After satisfactorily accomplishing all items on the agenda of the session, the seven-day third session of the seventh provincial committee of the Chinese People's Political Consultative Conference [CPPCC] successfully ended on the afternoon of 22 February amid the majestic national anthem.

During the session, the CPPCC members deeply consulted and discussed the major subjects of reform, development, and stability; of further deepening reform; of accelerating the pace of socialist modernization; of safeguarding social stability; and of promoting the reunification of the motherland as well as the major issues that the broad masses of the people are generally concerned with; and set forth many good opinions and suggestions. The session fully embodied the CPPCC members' enthusiasm for participating in and discussing political affairs and their spirit of assuming high responsibility to the state and the people.

Present at the closing ceremony and also seated in the front row of the rostrum were Lu Maozeng, chairman of the provincial CPPCC committee; and Zhai Yongbo, Tian Jian, Kong Lingren, Zheng Shouyi, Wang Yuyan, Cui Weilin, Wu Fuheng, Wu Minggang, Wang Zunong, Su Yingheng, Miao Yongming, Li Gongjiu, and Liu Hongren, vice chairmen of the provincial CPPCC Committee. Also present at the closing ceremony and seated on the rostrum were leading comrades Zhao Zhihao, Li Chunting, Li Wenquan, Han Xikai, Chen Jianguo, Song Fatang, Li Zhen, Tan Fude, Han Yuqun, Yu Peigao, and Zhao Changfeng. Tian Jian, vice chairman of the provincial CPPCC committee, chaired the closing ceremony.

The session first approved the methods for electing additional standing committee members of the seventh provincial CPPCC committee. (Ma Ruifang), (Yun

Changxin), (Wang Kun), (Wang Jingwu), (Kong Xiangzheng), (Feng Chunren), (Lin Jinrong), (Li Yantan), (Song Bowen), (Chu Shenglin), (Zhang Qiangmin), (Chen Shoubo), (Zhao Bingsheng), (Guo Chuanzhen), (Fu Shanyu), (Huang Lei), (Huang Chenghua), and (Han Jibo) were elected as standing committee members of the seventh provincial CPPCC committee. The session approved the motions examination committee's report on examining the motions at the third session of the seventh provincial CPPCC committee, as well as the resolutions of the session. [passage omitted]

Lu Maozeng, chairman of the provincial CPPCC committee, made a speech at the closing ceremony. [passage omitted]

Former chairmen and vice chairmen of the provincial CPPCC committee and provincial veteran comrades, including Pan Qilong, Liang Buting, Zhao Lin, Li Zichao, Wang Zhongyin, Zhang Zhusheng, Zhou Xingfu, Li Zhijing, Zhou Zhenxing, Xu Wenyuan, Ding Fangming, Zheng Weimin, and Jin Baozhen; some standing committees and members of the Eighth National CPPCC Committee living in Jinan, including Pan Qiqi, Qu Jining, Xu Chunyang, Yan Qingqing, Ma Changgui, and Wang Shenyin; and Zheng Guangchen, standing committee of the provincial CPPCC committee and former deputy commander of the provincial military district, were also seated on the rostrum. Former secretary generals and deputy secretary generals of the provincial CPPCC committee and some retired veteran comrades were also invited to attend the closing ceremony.

Shandong's Anticorruption Achievements Noted

SK2402001995 Jinan DAZHONG RIBAO in Chinese
10 Feb 95 p 1

[FBIS Translated Text] In 1994, the party committees, governments, and discipline inspection and supervisory organs at various levels deeply implemented a series of important instructions on waging the struggle against corruption made by the party Central Committee and the State Council; the party and the government persistently unified their leadership; the discipline inspection committee organized the coordination work; the departments fulfilled their duties; the masses conducted supervision, and various levels made concerted efforts. Thus, the province maintained a good trend in waging the struggle against corruption and made better achievements in three aspects.

Leading cadres made new headway in maintaining administrative honesty and self-discipline. In 1994, the province as a whole cleared up 1,055 unlawfully purchased sedan cars, of which 252 were confiscated and sold; and confiscated 679 lent and counterfeit security and armed police special vehicle number plates. Sixteen provincial-level leading cadres and 253 prefectural (department) and county-level party and government leaders changed their illegally purchased cars into legal

ones. Now, the provincewide unhealthy practice of vying with one another for purchasing sedan cars has been brought under control. On clearing up houses, 1,488 cadres at the provincial, city, prefectural, department, and bureau level and 20,597 cadres at the county and section level registered their houses with proper authorities. Through investigations, 358 cadres at the city, prefectural, department, and bureau level and 4,211 cadres at the county and section level were proved for violating housing standards; 42 cadres at the city, prefectural, department, and bureau level and 504 county- and section-level cadres decorated their houses with public funds. In the aspect of clearing up the payment of defaulted public funds, the province as a whole exposed the cases of this kind involving 472 million yuan and withdrew 368 million yuan, accounting for 80 percent of the total. Of these, 635 county- and section-level cadres were behind on payments of 3.02 million worth of public funds, and all had been withdrawn. A total of 11,540 entities run by party and government organs at or above the county level were cleaned up. Of these, 2,100 suspended their operation and 8,970 released themselves from the organs, accounting for 95 percent. A total of 15,840 persons resigned from their posts, accounting for 96 percent of the total.

New breakthroughs were made in investigating and handling major and appalling cases. Last year, the discipline inspection and supervisory organs across the province preliminarily investigated and verified 17,868 cases, put 10,727 cases on file for investigations and handling, and concluded 9,641 cases. A total of 6,874 persons were handled according to party discipline, including 10 prefectural- and department-level cadres and 105 county- and section-level cadres. According to administrative discipline, 586 cadres from township- and division-levels were punished. According to criminal laws, 752 party-member cadres were punished. Some 137.7 million yuan in economic losses were retrieved by enforcing discipline and handling cases.

New achievements were made in correcting the unhealthy trends within departments and trades. First, enterprises' capital and materials used by party and government organs for free were cleaned up and returned. Some 200.3 million yuan of enterprises' capital used by party and government organs and their working personnel were cleaned up. Of this, 115 million yuan were returned. The party and government organs borrowed 3,555 persons from enterprises and sent 2,910 persons back to enterprises; occupied 29,600 square meters of enterprises' housing areas and returned 22,400 square meters of houses to enterprises; and used 290 vehicles, offices, and communications facilities of enterprises and returned 244 of them. Second, the problems of arbitrarily collecting funds were controlled in varying degrees. All localities of the province made announcements to cancel 2,146 items concerning wanton collection of funds, implemented 2,047 items among the grass roots, and reduced nearly 140 million yuan in the

peasants' burdens. More than 180 million yuan of wantonly collected funds were cleaned up. Of this, more than 9.8 million yuan were handed over to the financial departments, and more than 7.4 million yuan of wantonly collected funds were returned. Third, the unhealthy trends of going out of the country (border) for trips with public funds were basically brought under control. The departments for examinations and approvals across the province refused to approve or prohibited 352 groups and 1,047 persons from unreasonably going out of the country (border) for trips with public funds. The number of general training groups was reduced by 61 percent from 1993, and that of trans-regional and trans-departmental visiting groups was reduced by 58.4 percent from 1993. Fourth, key departments and trades strengthened the correction of unhealthy trends.

Facing the hot-debated problems that the masses have strong complaints of, the discipline inspection and supervisory organs at various levels across the province investigated 729 cases concerning enforcement of laws. Some 70,146 departments and units were investigated, involving 7.814 billion yuan of funds. Some 372.8 million yuan of funds, which were used improperly or in violation of discipline, were investigated; and 132.7 million yuan of economic losses were retrieved.

Media Coverage of Shanghai Mayoral Election

Xu Kuangdi Elected

HK2402034995 Hong Kong AFP in English 0336 GMT 24 Feb 95

[FBIS Transcribed Text] Shanghai, Feb 24 (AFP)—Shanghai, China's largest city and its economic powerhouse, Friday elected a former academic aligned to President Jiang Zemin as mayor, to oversee the next phase of its rapid economic growth, an official said.

"The election is over. The new mayor is Xu Kuangdi," Deng Yu, an information official said, adding that the attendance rate at the seven and a half day third plenum of the 10th municipal people's congress was the highest on Friday.

Xu, 57, was elected mayor following a single-candidate ballot election by 888 deputies to replace Huang Ju, Shanghai's mayor in the past four years.

Huang, 56, stepped down after presiding over a period of great transformation in Shanghai but much of the work of running the economy has been credited to Xu who as senior vice mayor oversaw economic matters.

Huang will now concentrate on his job as Shanghai's Party Secretary, a position he was elected to in September last year.

More on Mayor

OW2402082095 Beijing XINHUA in English 0804 GMT 24 Feb 95

[FBIS Transcribed Text] Shanghai, February 24 (XINHUA)—Xu Kuangdi was elected mayor of Shanghai, a

city of 13 million people, at the third session of the 10th Shanghai Municipal People's Congress here today.

The 57 year-old scholar has been vice mayor of the city since August 1992. The old mayor Huang Ju resigned as he became a member of the Political Bureau of the Central Committee of the Communist Party of China and Secretary of the Shanghai Municipal Party Committee last September.

Huang's resignation was accepted at the session before the election.

Professor Xu, who graduated from the Beijing Institute of Iron and Steel Engineering in 1959, is a prestigious expert on special steel production and electric metallurgy. Since 1986, he has been vice-president of the Shanghai Polytechnic University, director of the Shanghai Municipal Higher Education Bureau, and director of the Shanghai Municipal Planning Committee.

He is also an alternate member of the 14th Central Committee of the CPC and deputy secretary of the Shanghai Municipal Party Committee.

AFP Runs Xu Biography

HK2402040295 Hong Kong AFP in English 0343 GMT 24 Feb 95

[FBIS Transcribed Text] Shanghai, Feb 24 (AFP)—Shanghai's new mayor, Xu Kuangdi, an academic who spent several years abroad working as an engineer before he joined the city government, is highly regarded by foreign businessmen in China's largest city.

Zhejiang-born Xu, 57, elected mayor Friday to succeed Huang Ju who steps down after four years at the helm, is credited with running Shanghai's booming economy since he joined the government as vice-mayor in August 1992.

"Xu is very highly regarded, he's very capable. He's done a good job as vice-mayor running Shanghai's economy since he's been vice mayor," a Western diplomat said, adding that Shanghai had the best performing economy in China.

A charismatic personality, Xu is expected to do an even better job running China's most cosmopolitan city, which recorded a Gross Domestic Product growth rate of 14.3 percent last year, the third straight year of double digit growth.

"Xu's formidable. He's got a lot of presence. He's very pleasant company. He speaks perfect English. He's very bright and intelligent. All these characteristics create an impression of competence and capability," the diplomat said.

Trained in metallurgy, Xu graduated from Beijing's Iron and Steel College and spent much of his career as an academic.

In the mid 1980s, he spent two and a half years in Sweden as an engineer in a steel manufacturing company and he still speaks Swedish today, according to a Swedish diplomat.

While Huang, 56, is a protege of President Jiang Zemin, who was a former mayor and party chief of Shanghai, Xu joined the party in 1983 and rose quickly up the party ranks during Vice Premier Zhu Rongji's term as mayor.

Central-South Region

Guangxi Holds Session on Highways, Ports

HK2302145395 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 19 Feb 95

[FBIS Translated Text] At a Guangxi regional transportation work meeting, which closed on 19 February, Governor Cheng Kejie pointed out the need to take full advantage of the current favorable situation to build a sea-bound passageway in the great southwest and to speed up the construction of Guangxi's transportation facilities. Last year, Guangxi made breakthroughs in four areas, during which transportation played an important role.

This regional transportation work meeting was held in Nanning from 16 to 19 February. Among present at the meeting were: Yuan Zhengzhong, vice chairman of the regional government; and He Bin, vice chairman of the regional people's congress. It was learned that, in 1994, Guangxi invested 1.85 billion yuan in transportation facilities construction, built 1,055 km of highways, and constructed ports with handling capacities of 1.3 million metric tons.

In 1995 Guangxi will speed up the construction of a sea-bound passageway, increase the impetus of transportation reform, and expedite the pace of transportation facilities construction. It will strengthen management over transportation undertakings as well as macroregulation and control and bring about comprehensive, rapid, and healthy development of transportation. According to an estimate, this year 1,000 km of highways will be built and ports with handling capacities of 3.4 million metric tons will be constructed.

Hubei Congress Accepts Governor's Resignation

HK2402062095 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 23 Feb 95

[FBIS Translated Excerpt] The Third Plenary Meeting of the Third Session of the Eighth Provincial People's Congress was held in the Hongshan Auditorium in Wuchang this afternoon. The main points on the agenda were to listen to and deliberate on the work report of the provincial people's congress standing committee, the work report of the provincial higher people's court, the work report of the provincial people's procuratorate, and

to pass a decision on retroactively accepting Comrade Jia Zhijie's request to resign as governor and adopt an election method.

The meeting was presided over by executive chairman Liang Shufen. Executive chairmen Xiao Quantao, Lin Jinming, (Wang Liangwei), (Zhu Tongding), (Zhu Quansun), and (Zhang Zhongxian) were seated in the front row on the rostrum.

First of all, Wang Hanzhang, vice chairman of the provincial people's congress standing committee, delivered a report on the major work done by the provincial people's congress standing committee last year and on its main tasks this year. [passage omitted]

Li Qifan, president of the provincial higher people's court, then delivered a report on the work done by people's courts throughout the province last year.

Li Qifan said: In the past year, people's courts at all levels throughout the province, by centering firmly on the overall working situation of the entire party and of the whole country, carried out the judicial work in a comprehensive way according to law, fully bringing into play the functional role of judicial organs in such aspects as preserving stability and promoting development. Last year, over 306,300 cases of all kinds were accepted and heard, whereas the trial of over 294,700 cases were wound up. By working through trial activities, social and economic relations were adjusted according to law, thus making contributions to our province's reform, opening up, and economic construction.

Zhong Shuqin, chief procurator of the provincial people's procuratorate, reported on the work done by procuratorial organs throughout the province last year. [passage omitted]

Finally, through voting by a show of hands, the meeting passed a decision on retroactively accepting Comrade Jia Zhijie request to resign as governor and adopt an election method.

Leading comrades of the provincial party committee, the provincial people's congress, the provincial government, the Chinese People's Political Consultative Conference [CPPCC] provincial committee, and the military district, attended the meeting and were seated on the rostrum, including [Secretary and Governor] Jia Zhijie, Zhao Zhuping, Yang Yongliang, Ding Fengying, Liu Guoyu, Deng Guozheng, Huang Yuanzhi, Guan Guangfu, Zheng Yunfei, Wang Zhizhuo, Xie Peidong, Xu Xiaochun, Chen Shuiwen, Zhong Shuqiao, Zhang Huainian, Yuan Zhaochen, Jian Tiancong, Wang Qigang, Zhou Zibai, Meng Meilu, Ping Linbo, Shen Kechang, Liu Jiankang, Cui Jianrui, Dai Jianneng, and Xu Shiqiao. Veteran cadres and former provincial leaders Chen Ming, Zhang Xuexi, and Han Hongshu, and other members of the presidium also attended the meeting and were seated on the rostrum. Members

attending the third session of the CPPCC seventh provincial committee and other personnel were present as nonvoting delegates.

Hunan Session Elects CPPCC Chairman

OW2402035495 Beijing XINHUA Domestic Service in Chinese 1526 GMT 23 Feb 95

[FBIS Translated Text] Wuhan, 23 Feb (XINHUA)—At the Third Session of the Seventh Hunan Provincial Committee of the Chinese People's Political Consultative Conference [CPPCC], Qian Yunlu was elected chairman of the committee. Due to a change in work, Hui Liangyu had resigned his post as chairman of the Hubei Provincial CPPCC Committee.

Navigation Blockage on Chang Jiang Cleared in Hubei

OW2402042995 Beijing XINHUA in English 0404 GMT 24 Feb 95

[FBIS Transcribed Text] Wuhan, February 24 (XINHUA)—A large number of ships, which have been stranded on the Chang Jiang River for more than 20 days, were able to leave here Wednesday [22 February] using a newly-expanded navigation channel.

More than 200 ships were stranded along a 20-km stretch of the Chang Jiang River in central China's Hubei Province for the past some 20 days, because of a water depth of only 2.6 m.

The water level in this section on the middle reaches of Chang Jiang has fallen to its lowest in more than 100 years, from Shishou city to Jianli city, and greatly affected transportation on the river, one of the key waterways in China.

The provincial government sent eight dredgers to scoop sand from the river bed for the past several days, with the result that the new navigation channel has a width of 80 m and depth of 2.9 m.

The blocking of the river section was caused by the shift of the river course last June, washing down huge amount of sand, and by the accumulated silt as a result of slower water flow speed last year.

North Region

Beijing Punishes Cadres for Violating Discipline

SK2402001695 Beijing BEIJING RIBAO in Chinese 11 Feb 95 p 1

[FBIS Translated Text] Discipline inspection and supervision departments throughout Beijing have conscientiously handled violations of party and administrative discipline, and have punished a number of party members and cadres who had violated laws and discipline.

According to the meeting on the handling of cases by Beijing's discipline inspection and supervision departments, which concluded on 28 December last year, Beijing tried and concluded 1,263 breaches of party and administrative discipline since the first half of 1993 when discipline inspection and supervision departments began to work in one office. Of the total, 919 were party discipline breaches, for which 923 persons were punished, and 344 were administrative discipline breaches, for which 344 persons were punished. It also concluded 50 appeals for reinvestigation and retrial.

As was learned, when handling cases, discipline inspection and supervision departments throughout Beijing had concentrated efforts to handle a number of cadres involving party and government departments as well as leading cadres. Among the 1,263 persons who were punished, three were cadres at the bureau level, 96 were at the section level, and 1,164 were below the division level. Personnel were organized in good time to handle the complicated cases involving large numbers of persons, such as the bribe-taking case committed by Chen Zhiwen, chief procurator of the Changping County Procuratorate, and by Jia Guilun, former director of the agricultural and trade section of the municipal agricultural office, thus promoting the timely handling of cases. When handling violations of party and administrative discipline committed by cadres, Beijing paid attention to proceeding from the general task of reform, development, and stability; judged right and wrong according to the Constitution and relevant state laws, rules, and stipulations; and put forward appropriate opinions on difficult cases as well as cases in which the demarcation line between right and wrong was not clear. When handling party and administrative discipline breaches, it made sure that strict work was done in verifying facts and evidences as well as in determining the nature of the cases, and that necessary materials and formalities were guaranteed.

The meeting summarized and introduced experiences in handling cases gained after discipline inspection and supervision departments began to work in one office; studied the new problems emerging in the new situation and the measures to address these problems; and further improved the procedures and systems for the trials of cases.

Coverage of Beijing Municipal Court Proceedings

Four Criminals Executed

SK2402040495 Beijing BEIJING RIBAO in Chinese 20 Jan 95 p 3

[FBIS Translated Excerpt] A few days ago, the Beijing Municipal Intermediate People's Court held a rally in Changping County to openly try nine criminals of a criminal gang that had indulged in such criminal activities as murder, robbery, and theft. After the rally, Zhang Jianjun, Fu Lianchun, Li Dongwei, and Sun Xiaohai, who were guilty of the most heinous crimes and whose

death penalty was already approved by the Beijing Municipal Higher People's Court, were escorted to the execution ground and put to death by shooting.

Zhang Jianmin, 26, a peasant of Xiajing Village in Changping County's Changping Town; Fu Lianchun, 24, a peasant of Beihaozhuang Village in Changping Town; and Li Dongwei, 24, a vagrant of Hongdao Village in Machikou Township, who have been subject to disciplinary sanction and sentenced to imprisonment for violating laws and committing crimes, ganged up with Wang Rong, a peasant of Liuxian Village in Changping County; Shen Changxian, a peasant of Gaoyakou Village in Gaoyakou Township; Teng Xinzhai, a peasant of Zhanggezhuang Town in Shandong Province's Pingdu city; Zhan Jianqi, driver of Jinda Transportation Company in Changping County; and Jiao Yongshan, a vagrant in Changping Town. Sun Xiaohai, 22, a vagrant in Lingnankou Town, got involved with the above-mentioned criminals while disposing of stolen goods. From December 1992 to September 1994, these criminals sought hegemony with their gigantic power and committed 24 cases of murder, robbery, hooliganism, injury, and theft, bringing calamity to local people. They killed four innocent persons and injured two. Holding knives, guns, and rods, they respectively ganged up to break in some houses to kidnap hostages, extort money, and wantonly indulge in robbery and criminal activities. They committed nine robbery cases, robbing more than 100,000 yuan in property and goods of various kinds and injuring seven persons. They also stole a huge sum of public and private property, with the value of the stolen property reaching 910,000 yuan, thus seriously disturbing public order and harming the lives and property of the masses. Consequently, these criminals must be subject to severe punishment according to law. [passage omitted]

More on Decisions

SK2402065195 Beijing BEIJING RIBAO in Chinese 23 Jan 95 p 3

[By correspondent Li Muping (2621 3668 1627): "A Number of Criminals With Serious Economic Offenses Are Punished"]

[FBI's Translated Excerpt] Recently the Beijing Municipal Intermediate People's Court sternly punished a number of criminals with serious economic offenses. After reviewing the embezzlement committed by Wang Bin, cashier of the finance section of the No. 2 Research and Designing Institute of the Nuclear Industry, the Supreme People's Court approved Wang's death sentence. Wang Bin, guilty of embezzlement, was recently escorted to the execution ground and executed by shooting. He Jian, purchasing agent of the Beijing Aierma Medical Instrument Company Limited, who committed the crime of embezzlement; and Huang Jingdong, storekeeper of the Muxidi office of Beijing's Haidian District branch of the Bank of China, who

committed the crime of embezzlement and frame-up, were sentenced to death at the first trial. Shao Jun, general manager of the ship administration company of the Shoudu Iron and Steel Corporation, who took bribes but rendered meritorious service by reporting the crimes of others, was leniently sentenced to death with a two-year reprieve.

The 24-year-old Wang Bin, taking advantage of the blank checks under his management and his duty of drawing money from banks, drew 1.404 million yuan of public funds from banks for personal use on 33 occasions from March 1993 to February 1994. During the same period, he also embezzled 54,000 yuan from the public funds he withdrew from banks on eight occasions. [passage omitted]

The 37-year-old He Jian took advantage of his job as a purchasing agent of the Beijing Aierma Medical Instrument Company Limited to embezzle 352,200 yuan by giving false reports on processing fees on many occasions from April 1991 to March 1993 when the company conducted processing businesses with other units. He took 320,600 yuan from the total amount. [passage omitted]

When serving as a storekeeper of the Muxidi office of the Haidian District branch of the Bank of China, the 25-year-old Huang Jingdong stole 300,000 yuan from the treasury of the office on 21 July 1993. The money was delivered to the Muxidi office by the Chedaogou savings center and checked and accepted by Huang Jingdong. [passage omitted]

The 41-year-old Shao Jun took advantage of his post as general manager of the Ship Administration Company of the Shoudu Iron and Steel Corporation to take bribes totaling \$13,000 from a person called Lu from March 1988 to March 1989 when conducting business with Hong Kong's Kaibo Company for the purchase of "Jinxian" ship and the maintenance of "Jintian" ship for the Beijing Aisiji Ship Administration Company Limited. When doing business with Singapore's Shouhang Company, he also took advantage of his post to take bribes totaling \$123,000 on many occasions from a person called Lai of the Singaporean Company. [passage omitted]

Taiwan Reporters Interview Hebei Governor

SK2402030795 Shijiazhuang HEBEI RIBAO in Chinese 24 Jan 95 p 2

[By Wang Jianjun (3769 1696 6511): "Plant the Chinese Parasol Trees for Phoenixes To Stay."]

[FBI's Translated Text] There is now a new trend in which overseas investment in mainland China is shifting from the south to the north.

A big economic province with "areas around Bohai Bay, Beijing and Tianjin," Hebei faces new opportunities and challenges once again. The broad masses of overseas

traders who have insight have focused their attention on Hebei's 187,000 square kilometers of land, its abundant resources and products, its 63 million plus diligent and bright people, its GNP of over 200 billion Renminbi, and its open policies, strong industrial and agricultural foundation, and developed means of transportation.

"Kung Shang Shih Pao," which is part of the Taiwan chain of "Chung Kuo Shih Pao," is the only newspaper in Taiwan that has a special daily column on mainland China. Previously, this newspaper would report identical news about Guangdong, Fujian, and other places but did not include this big province where the capital is located. Now, they have taken the initiative to send groups of reporters to this province. They say that they were attracted by Hebei's good development trends and that they had no choice but to come in person to learn about it. They wanted to let more people know in Taiwan and abroad, that Hebei Province has risen with force and spirit in mainland China.

On 16 January, as soon as the group of reporters led by Peng Chuiming, director and editor in chief, arrived in our province, it began covering news immediately without stopping and put forward that they wanted to call upon the well-known Hebei governor.

On the evening of 16 January, after presiding over a meeting of the provincial government, Governor Ye Liansong granted an interview to Peng Chuiming and his entourage without stopping for dinner.

After being introduced to each other and having taken their seats, the reporters were about to make some ceremonious greetings, but Governor Ye Liansong was the first to talk: Thank you very much for coming to Hebei to cover news. Your arrival is also a support for us. This is a good opportunity for Taiwan to understand Hebei and is also beneficial in promoting economic cooperation and close contacts between the two sides of the Strait.

After that, at the request of the Taiwan reporters, Ye Liansong briefed them on Hebei's overall situation, economic development, and investment environment. Our governor's knowledge and love for Hebei Province was apparent in his assessment of the situation.

Ye Liansong said: Although Hebei was rather slow in opening itself up to the outside world and lagged far behind developed areas, our recent development trend has been quite good. In 1994, the GNP of Hebei Province increased 15.1 percent over the previous year, which was higher than the national average growth rate, to total 210 billion yuan. Investment in fixed assets increased in stable steps, market demand expanded unceasingly, and foreign exports increased by a large margin. Rapid economic development demands that we accelerate the opening up to the outside world. In line with the development strategy of "using the export-oriented economy to uplift the whole economy, integrating the areas around Bohai Bay with areas around

Beijing and Tianjin, proceeding from internal cooperation, and making breakthroughs in introducing foreign capital and technology" put forward by the provincial party committee and provincial government, the people throughout the province are devoting their efforts to building an economically strong province with full confidence. We welcome businessmen from various countries and districts in the world, especially from Hong Kong, Macao, and Taiwan, to invest in and establish factories in Hebei Province because in addition to the desire to do business and make money, we are all blood brothers and descendants of China and share the common desire to invigorate China. Conducting more economic and technical cooperation will be conducive to reunifying the motherland at an early date. Ye Liansong then answered questions that were posed to him by the Taiwan reporters.

Reporter: Of the disadvantageous factors affecting investment in other provinces, such as rising prices and unemployment, which may affect Hebei's economic development, which issue are you eager to tackle first?

Ye Liansong: To start off, we will tackle the price issue, by devoting great efforts to lowering an excessively high rise in prices, and check the inflation. The rise in prices will bring about many problems, disrupt the economic order, mislead resource distribution, distort the pattern of interest, endanger social stability, and affect the progress of reform and development. We are still doing effective work in controlling the rise in prices. There are many factors involved in the high rise in prices. The high rise in prices that results from the rapid economic development can be said to be a part of the process of improving the price system that is involved in the course of shifting from the planned economy to the market economy. The high rise in prices may also be attributed to factors like price supervision and control, and market management. The issue will most definitely resolve itself as the socialist market economic system is perfected and made mature, and as macroeconomic regulation and control is reinforced.

Regarding the issue of unemployment, we have tapped various channels to create job opportunities. Job opportunities can be found not only in state-owned, collective, shareholding, and foreign-funded enterprises, but also in private and individual enterprises. While we are resolving the contradictions in this aspect, we still cannot lower our guard.

Reporter: Since mainland China is carrying out macroeconomic regulation and control, will the state adopt some preferential policies for this big province with "the areas around Bohai Bay, Beijing, and Tianjin?"

Ye Liansong: In the course of implementing a socialist market economy, we will strengthen macroeconomic regulation and control. The state's macroeconomic regulation and control measures will treat various provinces and cities equally without discrimination. Of course, the various provinces will have different construction scales

and investment rates for their fixed assets. Since Hebei is located in the central part of Bohai Bay and the state is emphasizing the work of accelerating the progress of opening up and development in the areas around Bohai Bay, this is a rare opportunity for Hebei Province. The state will support investment in infrastructural facilities and agriculture, energy, and other basic industries in accordance with the state's industrial policy. That is to say that the state will guarantee investment in key projects, like the smooth construction of Xibaipo power plant and Beijing-Shijiazhuang expressway.

Reporter: Hebei has many good harbors. If the two sides of the Strait realize direct navigation, do you plan to permit direct navigation with Taiwan?

Ye Liansong: Yes, if the two sides of the Strait realize direct navigation, Qinhuangdao and Jingtang Harbors can have direct navigation with the harbors of Taiwan. For example, at present the handling capacity of Qinhuangdao Harbor ranks second in the entire country. This harbor will mainly transport the abundant coal of the north to the energy-deficient south to realize the policy of carrying coal from the west to the east and coal from the north to the south. In addition to Jiangsu, Shanghai, Guangdong, Guangxi, Hainan, and other areas, the south also includes Hong Kong, Macao, and Taiwan. If conditions are ripe in the future, Huanghua Harbor, which we are preparing to build, can also have direct navigation with Taiwan.

Reporter: What fields do you hope Taiwan businessmen will mainly invest in?

Ye Liansong: Hebei Province has a wide range of investment fields. First, we would welcome Taiwan businessmen to increase investments in the development of basic industries and infrastructural facilities such as agriculture; the power, iron and steel, chemical, and building materials industries, and other raw and semi-finished materials industries and other infrastructural facilities such as expressways, ports, and airports. This is quite advantageous to the development of both sides. Besides, we also welcome Taiwan investment in some competitive trades and high- and new-tech industries in accordance with market needs. New enterprises can be established; existing enterprises can be transformed by using foreign capital and advanced technology; and enterprises can be operated with joint or individual investment, or operated and built with investment on board of trade terms.

Reporter: At present, many Taiwan businessmen invest in the wholesale business. Do you also welcome this kind of investment?

Ye Liansong: We can exchange views on this issue. Hebei has rich natural conditions and a good investment environment. Hebei, which is called the big province with "areas around Bohai Bay, Beijing, and Tianjin," is located around the two big municipalities of Beijing and Tianjin; and areas around Bohai Bay have offered very

convenient conditions for Hebei to conduct exchange and cooperation with the outside world. Several important trunk railways in the country, including the Beijing-Kowloon railway being built, all pass through our province. We rank first in the country in the amount of miles of high-grade highways and third in expressways. In addition, we also have ports and Shijiazhuang airport, which will be open to air traffic immediately. It can be seen that Hebei's means of transportation are very convenient.

Reporter: There should be more preferential policies to attract foreign capital in those districts that have better conditions to open up. Do you plan any new moves in this area?

Ye Liansong: There is no doubt there must be some preferential policies and moves to attract foreign capital. For example, the state has planned to build special economic zones, external and open coastal economic zones, economic and technological development zones, and high- and new-tech industry development zones. The open coastal economic zones of Qinhuangdao, Tangshan, and Cangzhou, Qinhuangdao economic and technological development zones, and high- and new-tech industry development zones of Shijiazhuang and Baoding approved by the state, will follow the policies and measures in these aspects as other districts across the nation as a result of carrying out the state's unified preferential policies. In recent years, we also have devoted great efforts to improving the intangible environment, enhancing work efficiency, and protecting the legal rights and interests of foreign businessmen in line with the law.

Reporter: Taiwan businessmen are most concerned about public security and "random collection of fines, fees, and donations" when investing in mainland China. What is the situation in Hebei Province regarding this issue?

Ye Liansong: Judging from the overall situation, the public security of Hebei Province is good. The provincial party committee and provincial government have made fruitful efforts in managing the "random collection of fines, fees, and donations." Of course, some points still have not met the expected demands, but we are strengthening their management. If foreign businessmen in Hebei really suffer unlawful infringement, it is definite that we will severely punish the lawless persons in line with the law in order to protect the legal rights and interests of investors.

Murderer of Deputy Executed in Hebei's Handan
SK2402051895 Shijiazhuang HEBEI RIBAO in Chinese 4 Feb 95 p 2

[FBIS Translated Excerpt] On the morning of 25 February, the intermediate people's court of Handan city held an open trial attended by 10,000 people in Daming County, where Li Wenxian was sentenced to death with

political rights deprived for life and was escorted to the execution ground for execution by shooting on the charge of murdering Li Dianchao, a deputy to the provincial people's congress, an outstanding entrepreneur, and former director of the Daming winery.

Li Wenxian, intentional murderer, male, 24, was a native of Daming Town in Daming County. Before his arrest, he was a worker at Daming winery. While working for the winery, Li Wenxian asked the winery director to change his type of work. When his demand was rejected, he nursed hatred and harbored the evil intention of murder. On the evening of 4 January 1995, Li Wenxian, carrying a knife, hid himself on the roof of the house of Li Dianchao. At about 2200, Li Wenxian jumped to the yard and broke into Li Dianchao's room, where he killed Li Dianchao and his wife, Ling Meiqin, to death on the spot, and stabbed his son, Li Hongyi, causing severe injury. Then, he escaped from the scene. After the emergence of this case, pertinent leaders of the province and Handan city were extremely concerned and instructed public security departments to investigate and solve this case as soon as possible. Thanks to the coordinated efforts of public security organs of the province, Handan city, and Daming County, this case was solved in a short of three days. [passage omitted]

Hebei Works To Ensure Progress of Key Projects

OW2402112195 Beijing XINHUA in English 1027
GMT 24 Feb 95

[FBIS Transcribed Text] Shijiazhuang, February 24 (XINHUA)—Hebei Province in north China will pool 13.4 billion yuan (about 1.57 billion US dollars) this year to ensure the progress of 128 key construction projects.

This year the province will continue to give priority to basic economic sectors, such as agriculture, energy, transport, telecommunications and industrial raw materials, Governor Ye Liansong said.

Meanwhile, the province will invest more in light industry, textiles in particularly, and will carry out technological upgrading of sluggish enterprises.

To ensure fund supply for the key projects, the government will enhance check up and halt redundant projects, or those with poor economic prospects, the governor said.

Thanks to the investment plan, the Shijiazhuang-Taiyuan (in Shanxi Province) and Shijiazhuang-Anyang (in Henan Province) express highways are going ahead with speed, and the former is expected to be completed and open to traffic by the end of the year.

Tianjin Establishes 'Cultivating' Committee

SK2402111795 Tianjin TIANJIN RIBAO in Chinese 16
Feb 95 p 1

[FBIS Translated Excerpt] The Tianjin Municipal Work Committee for Nurturing the Next Generation, with the

duty of cultivating and bringing up qualified successors to the socialist cause spanning this generation and the next, held its inaugural meeting on 15 February.

Kang Shien, president of the China Work Committee for Nurturing the Next Generation, sent a letter of congratulation to the meeting.

Gao Dezhan, secretary of the Tianjin Municipal CPC Committee, made a speech at the meeting. On behalf of the municipal party committee, the municipal people's congress Standing Committee, the municipal government, and the municipal committee of the Chinese People's Political Consultative Conference, he extended warm greetings to the establishment of this committee.

Wang Zhaohua, vice president of the China Work Committee for Nurturing Next Generation, and Liu Jianzhang and Zeng Zhi, advisers to the committee, paid special visits to Tianjin to attend and address the meeting.

Municipal leaders Li Jianguo, Li Shenglin, Nie Bichu, Fang Fengyou, and Luo Yuanpeng also attended.

Present at the meeting were municipal-level veteran comrades including Zhang Zaiwang, Wu Zhen, Yang Huijie, Wang Enhui, Li Zhonghuan, Zhao Jun, Xu Ming, Zhou Ru, Mao Changwu, Li Yuan, Shi Jian, Xiao Yuan, He Guomo, Yang Hui, and Fang Fang.

This work committee is a mass organization established with the approval of the municipal party committee. Under the leadership of the municipal party committee and government, this committee will carry out the work of nurturing the next generation. The purpose and guiding ideologies of this committee are: take Marxism-Leninism-Mao Zedong thought and Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics as a guiding principle; focus on economic construction; persist in the four cardinal principles as well as the reform and opening up policies; fully mobilize the enthusiasm of veteran comrades and various fronts; strive to cultivate and bring up successors to the revolutionary cause spanning this generation and the next; and make new contributions to promoting the municipality's reform, opening up, and socialist modernization.

Xu Ming, executive vice president of the municipal work committee for nurturing the next generation, chaired the meeting. Executive Vice President Xiao Yuan introduced the situation in organizing this work committee and read the "Work Regulations of This Committee," which were also unanimously approved with the applause of the members and advisers of the work committee.

Zhang Zaiwang, president of the municipal work committee for nurturing the next generation, made a speech. [passage omitted]

Northeast Region

Ports To Handle Half of Container Business

OW2402022795 Beijing XINHUA in English 0144
GMT 24 Feb 95

[FBIS Transcribed Text] Beijing, February 24 (XINHUA)—Port cities in northern China are expected to handle a total of 14 million TEU (twenty-foot equivalent unit) of containerized goods by the year 2010, or more than half of the amount to be handled by the country's ports, "CHINA COMMUNICATIONS NEWS" reported Thursday [23 February].

The Bohai Bay region, where the five major port cities of Dalian, Tianjin, Qinhuangdao, Qingdao and Yantai are located, is playing an increasingly important role in maritime transport.

The five ports handled a total of 45,476 TEU in containerized cargo for routes to Japan during the first four months of 1994, up 39 percent over the same period of 1993. The three cities of Tianjin, Qingdao, and Dalian dealt with 31,483 TEU of that amount.

Northern port cities maintained an annual average increase of 21.2 percent for containerized goods between 1983 and 1993. By the year 2000, they are expected to deal with some 3.27 million to 3.67 million TEU of containerized cargo, about half the country's total, the paper said.

The country has also developed a plan to build groups of deep-water harbors in Dalian so as to meet the increasing demand of cargo transport in northeast Asia.

Heilongjiang People's Congress Session Opens

SK2402000395 Harbin Heilongjiang People's Radio
Network in Mandarin 1000 GMT 22 Feb 95

[FBIS Translated Excerpt] The third session of the eighth provincial people's congress opened in Harbin on 22 February. At a critical time to the province's reform, opening up, and economic construction, the third session of the eighth provincial people's congress, which has been the focus of attention of the people throughout the province, ceremoniously opened at the theater of the provincial economic and trade exhibition center on the afternoon of 22 February.

The theater of the provincial economic and trade exhibition center was decorated even more solemnly today. The national emblem of the PRC was hung at the center of the rostrum, flanked by 10 brightly colored red flags. Many fresh flowers were placed in front of the rostrum and 583 people's deputies of all nationalities and circles from across the province arrived at the meeting hall early. Shouldering the great trust placed in them by 36 million people of Heilongjiang Province, they were going to discuss government affairs and major policies for developing Heilongjiang to exercise the sacred rights entrusted to them by the people.

At 1400 that afternoon, Sun Weiben, executive chairman of the congress session, declared the session open. [passage omitted]

Seated in the front row on the rostrum were executive chairmen An Zhendong, Qi Guiyuan, Xie Yong, Du Xianzhong, Zhu Dianming, Zhao Jicheng, Liu Hanwu, Liu Tongnian, Wang Guiqin, Wang Rensheng, Shi Zhongzhi, (Jiao Jiayin), and (Li Desheng). Also seated on the rostrum were provincial leaders Yue Qifeng, Tian Fengshan, Zhou Wenhua, Wang Jiangong, Ma Guoliang, Shan Rongfan, Meng Qingxiang, Yang Guanghong, Wang Xianmin, Li Qinglin, Yu Jingchang, Suo Changyou, Cong Fukui, Sun Kuiwen, Zhou Tienong, Yang Zhihai, Wang Zongzhang, Ma Shujie, Wang Haiyan, Huang Feng, Dai Moan, Fu Shiyang, Guo Shouchang, Zhao Shijie, Wang Zhitian, and Wu Jinghe. Tang Xianqiang, president of the provincial higher people's court, and Yu Wanling, chief procurator of the provincial people's procuratorate, were also seated on the rostrum. Also seated on the rostrum were some provincial veteran comrades who were retired or left their posts, including Zhao Dezun, Li Jianbai, Wang Zhao, and Chen Jianfei. Members of the presidium of the congress session were also seated on the rostrum.

Acting Governor Tian Fengshan delivered the government work report at the session. The report is divided into two parts, one concerning the review of the 1994 work and the other concerning the 1995 work tasks. [passage omitted]

Today's session also heard the report on implementation of Heilongjiang's 1994 plan for economic and social development and on the 1995 draft plan for economic and social development, delivered by Zhang Wenke, director of the provincial planning commission, and the report on implementation of Heilongjiang's 1994 budget and the 1995 draft budget, delivered by (Hao Baoliang), director of the provincial financial department.

Heilongjiang Encourages Youth Entrepreneurs

SK2402104195 Harbin Heilongjiang People's Radio
Network in Mandarin 1000 GMT 23 Feb 95

[FBIS Translated Text] On 23 February, the provincial Communist Youth League [CYL] Committee and the provincial youth federation jointly sponsored a forum of youth entrepreneurs for opening the second battlefield of economic development.

Attending the forum were leading personnel from the provincial level organs, including Yue Qifeng, Wang Jiangong, Meng Qingxiang, and Cong Fukui, and representatives of youth entrepreneurs from state-owned enterprises, shareholding enterprises, township enterprises, nongovernmental enterprises, and various privately-owned enterprises across the province. During the forum, they studied and discussed the reform and renovation of state-owned enterprises across the province, as well as the development of non-state-owned enterprises,

newly-rising industries, and substitution industries. They also put forward opinions and suggestions for making the province's economy prosperous.

The forum was filled with an enthusiastic atmosphere, at which the entrepreneur representatives vied to voice their opinions and exchanged their experience gained in opening the second battlefield of economic development. They also put forward their difficulties encountered in achieving development.

Yue Qifeng, secretary of the provincial party committee, spoke glowingly of the province's economic situation at the forum. He expressed concern about the problems encountered by the Heitiane Industrial Corporation Ltd. in establishing a new company; about the malfunction in the managerial system enforced by the Xinjie department store; and about the issues of appraising the standards of privately-owned enterprises. He stressed: The successful experience gained by every entrepreneur has shown that the province's idea of opening the second battlefield of economic development is correct. Party committees and governments at all levels should create a flexible environment for enterprises to achieve development so as to enable them to run their business freely, to put their capability to good use in the province, and to make contributions to the province's construction.

During the forum, Wang Jiangong, deputy secretary of the provincial party committee, acknowledged the important role played by youth entrepreneurs in making the province's economy prosperous, and urged the entrepreneur representatives to continuously emancipate their minds, eliminate obstructions, advance despite difficulties, and be vanguard or shock forces in opening the second battlefield of economic development.

Heilongjiang Area Sets Record in Gold Production

SK2302100595 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 22 Feb 95

[FBIS Translated Text] Shuangyashan has set a record high in gold production. In 1994, the city produced 6,100 liang of gold, a 10-fold increase over the previous production period. This has made Shuangyashan stride into the ranks of key gold producing cities in Heilongjiang Province.

Heilongjiang Reports Building Achievements

SK2402092595 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 23 Feb 95

[FBIS Translated Text] According to a reporter's dispatch from the provincial communications work conference that concluded on 23 February, Heilongjiang Province has made abundant achievements in building the main framework of highways since the enforcement of the Eighth Five-Year Plan. A large number of key projects will have been completely built and put into operation. During the four years since the enforcement of the Eighth Five-Year Plan, the province has raised

2.54 billion yuan for building highways, a more than three-fold increase over the period of the Seventh Five-Year Plan. The province has successively built a large number of key projects, including the second-grade highway specialized for motor vehicles between Harbin and Daqing, and the second-grade highway between Daqing and Qiqihar. It has also opened up the highway between Harbin and Jiamusi, and completed the first route between Da Hinggan Ling Prefecture and the province's capital. Over the past few years, communications departments across the province have succeeded in expanding the exit and entrance roads of large and medium cities, including Harbin, Jiamusi, Mudanjiang, and Qiqihar. They have emphatically revamped the transit highways of 22 cities and counties, as well as the 11 overpasses of highways and railways. By the end of 1994, the province newly built highways with a mileage totalling almost 800 km; the mileage of highways across the province totalled more than 48,300 km. The mileage of first and second-grade highways recorded a 2.9-fold increase over the Seventh Five-Year Plan period. Through efforts made in past years, the cities of Harbin and Qiqihar have to date realized the connection of highways with super highways. The cities of Harbin and Mudanjiang and the cities of Mudanjiang and Suifenhe will realize the connection of highways with super highways this year. The highway between Harbin and Jiamusi, which is being built on a loan from the Asia Bank, will be put into operation in May this year.

Jilin Province Improves Road Network

OW2302044495 Beijing XINHUA in English 0240 GMT 23 Feb 95

[FBIS Transcribed Text] Changchun, February 23 (XINHUA)—Northeast China's Jilin Province has made great strides in improving its transportation conditions in a campaign in which manpower has been mobilized to build roads extending to the remotest townships.

The local government has recognized the significance of improving the transportation system, and given it top priority in its economic development and opening to the outside.

The speed of construction has increased remarkably, with even the remotest townships having been linked by roads by the end of last October, and the total length of roads across the province reaching about 30,000 km., out of which top-grade roads accounted for 113 km.

As the governor, Gao Yan, has pointed out, road construction in the last three years proceeded at the quickest pace ever.

The province has raised more than 500 million yuan through many channels, mainly in the form of loans from the international financial community, issuing bonds, and fund raising among local people.

The first expressway in the province, with a length of 133 km, has been built with the loans provided by the Asian Development Bank.

Official statistics show that more than 3.8 billion yuan have gone into the construction of basic facilities relating to transportation since 1992, a figure almost equal to the total for the previous 20 years.

In some major construction projects, international practices were adopted and bids for a certain number of items were solicited from domestic and overseas companies.

Jilin's 1st Car Model Center Established

OW2302165395 Beijing XINHUA in English 1544
GMT 23 Feb 95

[FBIS Transcribed Text] Changchun, February 23 (XINHUA)—China's first car model development center was set up in this capital of northeast China's Jilin Province early this week, putting an end to the country's history of importing car models from abroad.

The Car Model Center at the Jilin Polytechnical University in this city will devote itself to working out new car models independently.

The university has fostered a large number of engineers and technicians to produce motor vehicles and tractors, and has designed products and solved problems for China's automobile industry.

Many persons with expertise, including automobile expert Zhuang Jide and academician of the Chinese Academy of Engineering Guo Konghui, will act as advisors or directly take part in research at the center.

Some international firms, such as MDTV of France, IMAG of the United States and China Hewlett-Packard Co. have signed agreements to jointly construct the center.

The No.1 Automobile Manufacturing Group Corporation, which is a giant in China's automobile industry and is also located in this city, has donated computer workstations, software application rights and other facilities to the center.

The corporation is now producing hundreds of thousands of Audi and Jetta sedans, two models originating in Germany, in addition to the Red Flag limousine, which was a result of its own research.

However, the corporation is choosing to develop car models more suitable for Chinese families to gain a long-term edge in China's automobile market.

Jilin's He, Wang Attend Forums

SK2402041195 Changchun JILIN RIBAO in Chinese
27 Jan 95 p 1

[By trainee Hu Min (5170 2404) and reporters Li Guangwu (2621 1639 2976) and Mu Jili (4476 0679 0500): "Center on the Overall Situation, Explore and Blaze New Trials, and Give Play to the Role"]

[FBIS Translated Text] On the afternoon of 25 January, He Zhukang, secretary of the provincial party committee, and Wang Jinshan, deputy secretary of the provincial party committee, went to the provincial trade union council, the provincial committee of the Communist Youth League [CYL], and the provincial women's federation to listen to their work reports and had an informal discussion with them. Leading comrades of the provincial party committee emphasized that in the work of trade union, CYL, and women's federation, we should conscientiously carry out the "20-character" principle and the demand of "unifying ideology, assuming overall responsibility for the overall situation, strengthening coordination, and doing solid work," dare to explore and blaze new trials, and give play to their role as the links.

The forum was held in the meeting room of the provincial CYL committee. Responsible comrades of the provincial trade union council, the provincial women's federation, and the provincial CYL Committee gave work briefings. Under the leadership of the provincial party committee, the trade unions, CYL committees, and women's federations at all levels across the province have carried out their own work in close accordance with the central task of building the developed border province near the sea; gone down to the reality and the masses; promptly grasped, discovered, and summarized the good experiences and typical cases in the course of reform; given full play to the role of workers as masters of their own destiny, the role of women of holding half the sky, and the role of youths as shock workers; and made contributions to promoting Jilin's reform, opening up, and modernization drive.

After hearing their statements, Wang Jinshan fully affirmed the work achievements of trade unions, CYL committees, and women's federations in his speech. He said: Jilin's trade union, CYL, and women's federation organizations are noted for closely combining and coordinating their work with the central task of the provincial party committee and for carrying out their work of different characteristics. The provincial trade union council has made achievements in promoting reform and development and safeguarding stability, and the models that it has discovered and trained have great vitality and influence the nation. The provincial women's federation has given play to their advantages, proceeded from the characteristics of women's work, carried out the activities of "learning culture and technology and comparing one another's achievements and contributions" and "enabling women to make contributions," and given play to the role of women of holding up half the sky. The work of the provincial CYL committee has been very active, and a series of activities such as carrying out the hope project, dealing with disasters and emergencies, and establishing communist youth villages have also witnessed expected results. The new task lying ahead of us this year is to adopt a new attitude and make new contributions. We should regard the "20-character" principle defined by the central authorities as guidance, implement the demand of the general tasks of the whole

party and the whole country in places where needed, unify thinking, keep the overall situation in mind, strengthen coordination, do solid work, and exert effort in all aspects. Only by accomplishing something in their work can the trade unions, CYL committees, and women's federations gain a position. Thus, we should further define the guidelines for the work of trade unions, CYL committees, and women's federations and closely link various work with the central task. We should further strengthen the construction of the mass and CYL organizations and enhance the quality of the contingent. We should give better play to the linking role of the masses and CYL organizations, seize the opportunity, forge ahead when a good chance is available, go down to the masses, conduct investigation and study, and strive to make new breakthroughs in work.

Comrade He Zhukang said in his statement: The statements given by all comrades are good. The opinion of Comrade Jinshan is more systematic, and I completely agree with it. For many years, our province's trade unions, CYL committees, and women's federations have successfully carried out their work. We can say their work is vivid and has individual characteristics. Their guidelines are explicit, their work ideas are clear, their minds are fairly emancipated, their work styles are intensive, and the results are significant, and these have all played an important role in the construction of spiritual and material civilizations. This has indicated that during the period of reform and opening up and under the condition of establishing the socialist market economic system, the role and position of mass organizations, including the trade unions, CYL committees, and women's federations, is not weakened but can be given better play. Of course, while affirming achievements, we should recognize that the tasks facing us are arduous. Many new issues need exploration and study. Many new ideas, new concepts, and practical issues in the masses require us to understand, to deal with, and to resolve them. Our work style in many aspects also needs to be improved. Only by so doing can we have greater accomplishment.

He Zhukang pointed out: This year, in carrying out the work of trade unions, CYL committees, and women's federations, we should firmly grasp the overall situation of "seizing the opportunity, deepening reform, expanding opening up, promoting development, and maintaining stability"; adhere to the demand of "unifying ideology, considering the overall situation, strengthening coordination, and doing solid work"; uphold the party's basic line; arm our minds with Deng Xiaoping's theory of building socialism with Chinese characteristics; depend on the leadership of the party committee; rely on the masses; and successfully carry out various tasks.

He Zhukang emphasized that the trade union, CYL, and women's federation organizations should strengthen their construction, uphold reform, and continuously make explorations and strengthen themselves in the

course of practice. In establishing a socialist market economic system, many new issues should be resolved, thus, we should have new ideas and methods. We should be good at learning the advanced experiences of foreign countries and other provinces. At the same time, we should keep our own characteristics, never throw away the good traditions, and set demands on and add new substance to our work. We should be good at combining the central guidelines with the practice, act in close connection with the overall situation, have the courage to make explorations and blazing new trials, and give play to the role as bridges and links. In order to strengthen study, we should study not only the theory but also the knowledge of market economy, modern science and technology, and the law. The practice will bring about real understanding. Therefore, we should go deep to the reality and the masses, keep close to the masses, deeply understand the masses, and understand and experience their sufferings. We should learn from the masses in the course of practice and conscientiously develop the spirit of selfless dedication.

Comrade He Zhukang and Wang Jinshan also took advantage of this opportunity to extend Spring Festival greetings to cadres of the trade unions, CYL committees, and women's federations across the province.

The responsible comrades of the general office of the provincial party committee also participated in the forum.

Jilin's He Zhukang on Strengthening Legal System

SK2402040395 Changchun JILIN RIBAO in Chinese 7 Feb 95 p 1

[FBIS Translated Text] On the first day of starting work after Spring Festival, the central theoretic study group of the provincial party committee held the first study session of 1995. In order to strengthen the building of socialist democracy and the legal system, the study session added new substance to the legal system. He Zhukang, secretary of the provincial party committee, made an important speech to urge leading cadres at all levels to take the lead in studying and strictly enforcing the law.

He Zhukang said: The fourth plenary session of the 14th CPC Central Committee pointed out that while exerting efforts to study and grasp Deng Xiaoping's theory of building socialism with Chinese characteristics, the party and government cadres at and above the county level should exert great efforts to study legal knowledge and other scientific knowledge. Studying and grasping essential legal knowledge and striving to enhance the skills of leaders at all levels to use legal means to manage the economy and society are the party's basic demands on the leading cadres at all levels; and urging them to uphold the party's basic line; adhering to reform and opening up; promoting the rapid, healthy, and sustained development of the national economy, and safeguarding

social stability during the new period and are the historical responsibilities of the leading cadres vested to them by the new period.

Strengthening the building of the legal system is the internal demand for establishing the socialist market economic system. Without a perfect socialist legal system, it is impossible for the socialist market economy to develop in a healthy way. The role of the legal system in the market economy is mainly manifested in its role of setting norms to keep the market activities within proper bounds and providing guarantees.

He Zhukang pointed out: Over the past 45 years since the founding of New China, our nation has made great achievements in building the legal system. In recent years, we have promulgated on average a new law every 18 days and accelerated the progress of legislation. Legislation will enable the state to basically attain the goal of having laws to abide by in the main aspects of political, economic, and social life and will give play to its great role in setting norms and providing guarantee for promoting reform, opening up, and the socialist modernization drive. Under the new situation and in line with the demand of the third plenary session of the 14th CPC Central Committee, the standing committee of the eighth National People's Congress has decided to regard economic legislation as the priority task, strive to build the frame of the socialist market economic law during its five-year term, and put forward the five-year legislative plan, which has involved more than 150 laws.

He Zhukang emphasized: One of the important aspects in building the socialist legal system is to have laws to abide by. More importantly, we can make the people study and understand law through the implementation of law, make the practice of abiding by the law become a habit of the whole society, and make the people abide by the law. Particularly, leading cadres at all levels who are in charge of managing the state's various undertakings should not only have a strong political sense and understand the market economy, but should also understand the law, be good at using the law, manage things in line with the law, and manage political affairs in line with the law. Grasping essential law knowledge, becoming familiar with and using law knowledge relating to one's job are the necessary basic qualities that the leading cadres at all levels should have during the new period. Cadres who lack law accomplishment will not be qualified leaders.

He Zhukang said: The developmental situation and the implementation of the party's line, principle, and policy require that the leading cadres take the lead in studying the law. The enhancement of work efficiency and quality also need leading cadres to take the lead in studying the law and handling affairs in line with the law. Making leading cadres study and have a good grasp of law knowledge and manage things in line with the law are of great significance in safeguarding the authority of the central authorities. Therefore, leading cadres at all levels

should strengthen the consciousness of acquiring legal knowledge, have the sense of mission and urgency, and regard studying and grasping essential legal knowledge and making policy decisions in line with the law an important content of strengthening the construction of the leading bodies and of organizations to evaluate the leading cadres.

Comrade He Zhukang put forward: The practice of making leading cadres study law should be institutionalized. The theoretical study central groups at all levels should regard studying legal knowledge as an important aspect of their study and make arrangements for the study. Party and government leading bodies at all levels should attend several classes on the legal system every year in a planned way. At the same time, party schools and cadre schools at all levels should be fully used for training cadres to enable them to have legal knowledge.

Finally, He Zhukang said: The year of 1995 is the last year for carrying out the "second five-year plan" for disseminating law education and also an important year for doing a good job in making various preparations for the "third five-year plan" for disseminating law education. The functional departments for the dissemination of law education at all levels across the province should do their work in a down-to-earth manner and develop the dissemination of law education in a more extensive and in-depth manner through making leading cadres take the lead in studying the law and strictly enforcing the law and propaganda departments at all levels; and propagating and explaining the law, regulations, and decrees in an effort to make the building of the legal system more perfect and to promote the healthy development of the market economy.

At the study session, Yang Qingxiang, research fellow of the law experts' institute of the provincial academy of social sciences and president of the provincial higher people's court, made a special statement on some issues of carrying out the "state's compensation law of the PRC." His statement can be divided into eight parts: 1. The meaning of establishing and perfecting the state's compensation system. 2. The principle of making the state bear the compensation responsibility. 3. The important conditions for the state's compensation responsibility. 4. The duty organizations to give state compensation. 5. The categories and scope of state compensation. 6. The party concerned whose rights are infringed by the state. 7. The state's compensation procedures. 8. The state's compensation standards and ways.

Gao Yan, Wang Jinshan, Liu Xilin, Su Rong, Xu Zhongtian, Gu Changchun, Wang Guofa, Li Xiangwu, and other comrades made statements in the course of discussion.

Northwest Region

Gansu Reviews Township, Town Enterprise Work

HK2302145495 Lanzhou Gansu People's Radio
Network in Mandarin 2300 GMT 19 Feb 95

[FBIS Translated Text] At the provincial work meeting on township and town enterprises on 19 February, Vice

Governor Yun Xiaosu stressed: Township and town enterprises should focus their efforts on enhancing quality and economic efficiency and should accelerate their development by grasping the opportunities so that the township and town enterprises in this province will make substantial development in the last year of the Eighth Five-Year Plan.

Last year, township and town enterprises in this province maintained a rapid development momentum. Their economic efficiency increased alongside production growth. Their annual gross output value exceeded 27 billion yuan, an increase of 13.5 percent over the previous year; they paid 1 billion yuan of taxes to the state, an increase of over 100 percent over the previous year; and the net profits they made amounted to 1.52 billion yuan, an increase of 41.1 percent over the previous year.

While fully affirming last year's achievements, Yun Xiaosu said: The provincial party committee and the provincial government have set the minimum target of 38.6 billion yuan and a higher target of 40 billion yuan for the gross output value of township and town enterprises this year. In order to achieve the target, township and town enterprises must make new breakthroughs in their development speed and economic efficiency.

This year, the funds will primarily be allocated to guarantee key projects, sample industrial estates, new projects with output value over 10 million yuan, and projects of transforming existing facilities with a value of 2 million yuan. No further investment should be made in projects which have exhibited poor economic returns and have produced unmarketable products or in projects which duplicate construction. Reform should be further carried out to gradually improve the management systems of the enterprises. The township-level administrative organs in charge of the enterprises should be turned into economic entities. Three years from now, they should be turned into commercial corporations performing both business management and administrative functions.

Qinghai Government Work Report Sets Targets

HK2302145595 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 19 Feb 95

[FBIS Translated Text] In his government work report, Governor Tian Chengping said: This year is the last of the Eighth Five-Year Plan. We must carry out our work in a down-to-earth manner to comprehensively fulfill the Eighth Five-Year Plan. [words indistinct]

The guidelines for this year's work are: Adhering to Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics; taking the party's basic line as the guiding principle; seizing the opportunity to deepen reform, widen the scope of opening up, stimulate development, and maintain stability; centering on economic construction; forwarding spiritual and material civilization; increasing the impetus of reform; raising the

gross economic value; making technological progress; improving economic results; comprehensively fulfilling the Eighth Five-Year Plan; and making persistent efforts to accomplish the second-step strategic target. [words indistinct]

The main targets of endeavor for this year's economic and social development are: To increase GNP by 8 percent over last year; increase the primary industrial output value by 3 percent, the secondary industrial output value by 9.5, and the tertiary industrial output value by 9 percent; and increase the peasants' and herdsmen's per capita net income by 3 percent and city and town people's per capita net income by 4 percent, both allowing for price increases. [words indistinct]

Reportage on Xinjiang People's Congress Session

Congress Dismisses Vice Chairman

OW2402043195 Urumqi Xinjiang Television Network in Mandarin 1330 GMT 23 Feb 95

[Announcer-read report on decision to dismiss Xinjiang People's Congress Standing Committee Vice Chairman Xie Hong; from the "Xinjiang News" program]

[FBIS Translated Text] The Third Session of the Eighth Xinjiang Uygur Autonomous Regional People's Congress, after examining the motion to dismiss Xie Hong from the post of vice chairman of the eighth regional People's Congress Standing Committee, (submitted by the regional People's Congress Standing Committee), maintained that Xie Hong, former director of the Xinjiang Petroleum Administration and head of its Safety Committee, had committed a serious bureaucratic error and should be held responsible for the fatal fire in Karamay City on 28 January. Therefore, the session has decided to dismiss Xie Hong from the post of vice chairman of the Eighth Xinjiang Uygur Autonomous Regional People's Congress Standing Committee.

Session Closes

OW2402063095 Urumqi Xinjiang Television Network in Mandarin 1330 GMT 23 Feb 95

[Announcer-read report over video from the "Xinjiang News" program]

[FBIS Translated Text] The Third Session of the Eighth Xinjiang Autonomous Regional People's Congress closed in Urumqi this afternoon [23 February] after successfully completing all items on the agenda. Today's executive chairmen of the session were Amudun Niyaz, Xie Fuping, Hedeerbai, Yusufu Muhannode, Turbayim, Xu Peng, Ma Chunliang, Hujihan Haskemohu, Amina Apaer, and Maimaiti Simayi. The session was presided over by Amudun Niyaz. Attending the session and seated in the front row were Wang Lequan, Abdulahat Abdurixit, Janabil, Zhang Fusen, Pan Zhaomin, (Wang Quanyou), Zhou Shengtao, Zhou Guofu, and Hailiqiemu Silamu. [Video opens with a view of the meeting]

in progress, first focusing on the rostrum where leaders are seated and showing closeups of Xinjiang leaders one by one, occasionally panning the meeting hall]

The session adopted resolutions on the following areas: on the government work report, on the implementation of Xinjiang's plan for economic and social development for 1994 and 1995, on the implementation of the autonomous region's 1994 budget and its budget for 1995, on the work report of the autonomous region's People's Congress Standing Committee, on the work report of the autonomous region's People's High Court, and on the work report of the autonomous region's People's Procuratorate. The session also adopted the "Regulations on Supervision of People's Congress Standing Committees at All Levels" in the autonomous region and decided to

dismiss Xie Hong from the post of vice chairman of the eighth regional People's Congress Standing Committee. Under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, the session called on workers, farmers, herdsmen, intellectuals, cadres, workers and staff of the Production-Construction Corps of all ethnic groups, the PLA [People's Liberation Army] units, armed police units, and public security personnel in Xinjiang to rally closer round the party Central Committee with Comrade Jiang Zemin as the core; to advance in a pioneering spirit as one; to work hard for the fulfillment of the autonomous region's 1995 tasks and its Eighth Five-Year Plan for Economic and Social Development; and to achieve outstanding results to greet the 40th founding anniversary of the autonomous region.

Taiwan Reiterates Claim to Spratly Islands*OW2402024995 Taipei CNA in English 0133 GMT 24 Feb 95*

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, Feb. 23 (CNA)—The Ministry of the Interior on Thursday [23 February] reiterated the Republic of China [ROC] claim over the Spratly islands, saying any foreign country is "strictly barred" from infringing on its territorial rights.

"Our fundamental stance has not changed and will not change in the future," an interior ministry official said.

"Only under the premise that the country's sovereignty is not affected can the joint exploration of natural resources in the South China Sea be made feasible," the official said, adding that the ROC is willing to peacefully settle the territorial dispute in accordance with the United Nations charter and international laws.

The ROC, Mainland China, the Philippines, Malaysia, Vietnam, and Brunei claim sovereignty over all or parts of the island group. The ROC has stationed soldiers on Taiping Island, the largest of the Spratlys.

The statement came following foreign wire-service reports that Beijing and Manila are poised to settle their dispute over Mischief Reef through negotiations.

The Philippine Government earlier this month announced that Mainland China was building four permanent structures on the reef and had sent ships to the area for surveying and supply purposes. The Philippines responded by stepping up air and maritime patrol of the area.

Asked to comment on the government's response to the latest development in the dispute, the interior ministry official said his ministry will continue to act according to the South China Sea policy guidelines.

In addition, he said his ministry is building large maritime police boats that will be used to patrol the waters around Taiping and Tungsha (Pratas) islands, and is facilitating the construction of piers and navigation facilities on Taiping and other islands.

Chief Says PRC Missiles Able To Reach Island*OW2402104995 Taipei CNA in English 1004 GMT 24 Feb 95*

[By Sofia Wu]

[FBIS Transcribed Text] Taipei Feb. 24 (CNA)—Taiwan should continue to beef up its defense capability to safeguard its national security because mainland Chinese missiles can now reach the island, chief of the general staff Adm. Liu Ho-chien said Friday.

Addressing a symposium on the general situation in the Asia-Pacific and relations between the two sides of the

Taiwan Strait, Adm. Liu said being secretly moved its short-range ballistic missile base from Jiangxi Province in central China to Fujian Province opposite Taiwan when mainland president Jiang Zemin delivered an eight-point peace overture toward Taiwan in late January.

"The shooting range of mainland Chinese ballistic missiles now covers the whole of Taiwan," he noted.

This was the first time Taiwan's top military officer has responded to Jiang's peace overture which called for high-level cross-strait dialogue and negotiations to pave the way for China's eventual unification.

Despite the end of the Cold War, Liu said, Beijing has continued its military build-up. "It has never given up its attempt to build a deep-sea naval fleet and its defense budget has increased tremendously in recent years," he noted.

Nobody knows the exact amount of Mainland China's annual defense budget, Liu said, adding that studies by major countries around the world show Beijing's actual defense budget is two times its official tally.

"Beijing's military build-up has stimulated an arms race in the Asia-Pacific and affected cross-strait relations and regional and even global security," Liu said.

In addition to moving its ballistic missile base closer to Taiwan, Liu said, mainland Chinese military planes can fly to Taiwan's airspace in seven to eight minutes.

He stressed that Beijing has never changed its tactics in dealing with Taiwan: tempting Taiwan with economic benefits, isolating it diplomatically and threatening it militarily to accept Beijing's unification terms.

"Against this background, we should further strengthen our defense capability to counter Beijing's threat and to maintain stability in the Taiwan Strait," he added.

ARATS Welcomes Premier Lien's Statement*OW2402033095 Taipei CNA in English 0147 GMT 24 Feb 95*

[By Benjamin Yeh]

[FBIS Transcribed Text] Beijing, Feb. 23 (CNA)—An official with Mainland China's quasi-official intermediary body in charge of private exchanges with Taiwan on Thursday welcomed ROC Premier Lien Chan's call for the strengthening of non-official exchanges across the Taiwan Strait.

"We've noticed the part of Lien's statement regarding the promotion of bilateral exchanges and negotiations between ARATS and SEF," said an official with the mainland's Association for Relations Across the Taiwan Strait [ARATS]. The Straits Exchange Foundation [SEF] is Taiwan's counterpart of ARATS.

"The existing political differences between the two sides should not curtail the cross-strait exchanges and the SEF-ARATS negotiations," the official stressed.

He maintained that negotiators from the two sides should avoid sensitive political issues and work to tackle the practical issues that have come about from the ever-rising exchanges.

The official expressed a desire for the second round of high-level talks between SEF and ARATS to be held as soon as possible. SEF chairman Koo Chen-fu and ARATS chairman Wang Daohan met for the first time in Singapore in April 1993.

Also on Thursday, Chen Jian, the spokesman for Mainland China's foreign ministry, declined to comment on Lien's statement.

Lien was responding to Mainland Chinese President Jiang Zemin's eight-point statement on Jan. 30 that called for exchanges of visits by the Taiwan and mainland leaders, the signing of an agreement to safeguard Taiwan investments on the mainland, putting an end to the hostility between the two sides, and the holding of peaceful reunification talks.

The Beijing Government has yet to make a formal response to Lien's offer.

Missile Deal With France Proceeding 'Smoothly'

OW2402104895 Taipei CNA in English 0935 GMT 24 Feb 95

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, Feb. 24 (CNA)—Taiwan's Mica-missile deal with France has proceeded

smoothly, Air Force Commander-in-Chief Tang Fei said Friday [24 February].

"The deal has not been affected by the recent spy scandal roiling Paris and Washington," Gen. Tang said.

The Paris-based DAILY LIBERATION said earlier this week that France has been at odds with the United States for the past two years over a 10 billion franc (US\$1.9 billion) deal the French firm Matra signed in November 1992 to supply Mica missiles to Taiwan. The paper further said Paris has asked US authorities to withdraw five Americans, four of them diplomats, accused of spying and trying to stop the Taipei-Paris missile deal.

Tang declined comment on all such reports. He also would not reveal the number of Mica missiles to be purchased from France or the payment terms.

However, he revealed that the number of missiles is not as large as reported and the price was reasonable. The Air Force spent 16 months negotiating the Mica deal with French authorities, Tang said. "Weighing the international situation during the time the deal was struck, both the quantity and the price were reasonable," he noted.

The Mica missiles will be used to equip the 60 mirage 2000-5 jet fighters Taiwan is buying from France under a US\$3.8 billion deal reached in early 1993.

Tang said each mirage fighter can carry four Mica missiles and its firing system can simultaneously launch four Mica missiles at four different targets.

"The number we have purchased is not excessive and we have managed to get the best possible price," Tang added.

Hong Kong

New Head of Shougang Subsidiary Arrives

OW2302152195 Beijing XINHUA in English 1437
GMT 23 Feb 95

[FBIS Transcribed Text] Hong Kong, February 23 (XINHUA)—Zhang Yanlin, newly appointed chairman of the Shougang Concord (Hong Kong) International Enterprises Ltd., a subsidiary of a steel giant in China, has arrived in Hong Kong, according to reliable sources here today.

Shougang Concord International is one of the locally listed companies of the Beijing-based Capital Iron and Steel Corporation (Shougang).

Zhang, 55, chairman of a big iron mine owned by Shougang in Peru prior to his new appointment, flew in here last night from Peru via Japan, the sources said.

Provisional Legislature Likely To 'Enact' Laws

HK2402055095 Hong Kong EASTERN EXPRESS in English 24 Feb 95 p 1

[By Rain Ren]

[FBIS Transcribed Text] China has forced Britain to recognise the status of a controversial temporary legislature that is due to take over the territory on July 1, 1997, a senior Chinese official said yesterday. The official said Britain had proposed that the provisional legislature be allowed to endorse Hong Kong laws that conform with the Basic Law.

London had previously balked at the creation of a provisional legislature, arguing that the adaptation of Hong Kong laws should be done by the Legislative Council before the handover. Britain has always wanted the three tiers of government, set up by the controversial reforms package of the Governor, Chris Patten, to straddle the 1997 takeover, but Beijing has made it clear that there will be no throughtrain.

Britain put forward its new proposal at the last Sino-British Joint Liaison Group meeting in London last December after China rejected the previous plan to enact "midnight legislation" on June 30 1997. It is believed that Britain's new position is that "the post 1997 legislature", a term referring to the provisional legislature, could enact all laws under the present adaptation programme.

The Chinese official said Britain had also accepted China's view that the adaptation of laws is a matter for the special administrative region (SAR) government. China believes that Britain eventually came to terms with the inevitability of setting up a provisional legislature.

A source close to the British side confirmed last night that a new proposal on the adaptation of laws had been put to China, but said it had nothing to do with the provisional legislature. "Our position on the provisional legislature is crystal clear—that we don't see any need to set up the provisional legislature," the source said. "I can't imagine that we could be discussing the sort of things the provisional legislature might do. "The post-1997 legislature [in our proposal] is the legislature that we feel ought to be the same one that was in position before 1997."

According to the Chinese official, the caretaker legislature to replace the Legislative Council could be seen by China as an "acceptable body" to deal with the adaptation of laws. It is understood that relevant bodies in China are still studying the latest British proposal. "There are two aspects we need to keep in mind while considering the issue of the adaptation of laws," the Chinese official said. "First, we acknowledge the fact that the existing Hong Kong laws need to be amended or adapted to be brought in line with the Basic Law. "If this work can be completed before 1997, it would be good for the special administrative region government. "Second, the final decision on how to amend and adapt the existing laws rests with the standing committee of the National People's Congress." The official said China did not object to Britain's advice about how the laws should be amended.

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